

The Development of a Strategic Omnichannel  
Strategy for Fashion Retail Brands:  
the Case of Tommy Hilfiger

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Doctor of Business Administration

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## **Abstract**

The retailing landscape has moved into a new era which can be described with one buzz-word: Omnichannel. Omnichannel is seen as a structural change of the whole retailing industry. Special attention in this respect is not only placed upon the ‘if’ but rather the ‘how’ to implement an omnichannel strategy within the company’s organisation. The real challenge for retailers in terms of building an efficient omnichannel management strategy is to connect all distribution channels to accompany all consumers during their buying process. To remain competitive in the digital age, traditional brick-and-mortar retailers face the challenge of reacting to ever-changing consumer behaviours. For retailers this brings along a sustainable change within distribution channels, supply chains and working cultures. Although, omnichannel management is one of the major topics discussed in current literature, studies focus on single facets only but rarely on the big picture. Accordingly, there is hardly any process model that guides organisations in determining an appropriate omnichannel strategy and therefore many organisations struggle to implement an omnichannel-strategy successfully. In addition all existing works in the literature either miss a practical example or do not place sufficient emphasis on the special requirements of the fashion industry. This work entitled ‘The development of a strategic omnichannel management strategy for fashion retail brands: the case of Tommy Hilfiger’ devotes special attention to the research question of ‘what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ The research’s aim is to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger. This research employs an inductive exploratory-based research of a cross-sectional case study approach. Tommy Hilfiger is the subject taken for detailed investigation within this thesis. The outcomes of this thesis are: a) an approach to solutions and an effective and holistic omnichannel management strategy for fashion retail brands; b) the creation and development of a standardised omnichannel process model with integrated channel architecture, thereby aligning marketing activities aimed to creating an omnichannel consumer offer, as well as the set-up of appropriate operational functions; and c) the development of a holistic omnichannel transformation roadmap for fashion retail brands, based on the practical case study of Tommy Hilfiger. Research findings conclude all outcomes within an omnichannel process model. This includes ten steps towards omnichannel implementation, including key focus areas of consumer focus, omnichannel definition, rolling vision statement, role of the channel strategy, IT infrastructure, change management, strategy implementation, organisational set-up, wholesale business, and omnichannel test field.

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## **Abbreviations**

AG	Aktiengesellschaft (Public Company)
B2B	Business-to-business
B2C	Business-to-consumer
bn	billion
CAPEX	capital expenditure
CBO	Chief Brand Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CK	Calvin Klein
COO	Chief Operating Officer
Corp.	corporation
CRM	consumer relationship management
EDI	electronic data interchange
ERP	enterprise resource planning system
GmbH	Gesellschaft mit beschränkter Haftung (Limited)
HR	Human Resources
ICT	information and communication technology
IT	information technology
KPI	key performance indicator
Ltd.	Limited
MEA	Middle East and Africa
NFC	near field communication
OPEX	operating expense
POS	Point of Sales
PVH	Phillips-Van Heusen
RFID	radio frequency identification
ROI	return on investment
SiS	shop-in-shop
Sqm	square meter
TH	Tommy Hilfiger

## **1. Introduction**

This thesis, entitled ‘The development of a strategic omnichannel management strategy for fashion retail brands: the case of Tommy Hilfiger’, devotes special attention to the research question of ‘What is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ Therefore, the research aim is to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger.

### **1.1. Background to the research**

Before proceeding further, it is appropriate to provide the context of the research by giving a brief history of the case being studied, namely the Tommy Hilfiger brand and its drive to develop an omnichannel distribution strategy.

#### **1.1.1. The case of Tommy Hilfiger**

The Tommy Hilfiger company is known as one of the world’s leading designer brands. Founded by the designer Tommy Hilfiger in New York in 1985, the brand’s products are known for their classic American style. Today, Tommy Hilfiger himself represents the company by remaining its principal designer. The company sells its products and merchandise under the names of Tommy Hilfiger and Tommy Jeans, including several collections such as Menswear, Womenswear, Tailored, Jeans, Kids, Accessories, Underwear and Footwear. In addition, several product groups, including fragrances, eyewear, watches and home furnishing, are managed under licensing agreements.

The brand markets its products via different wholesale and retail distribution channels. Within wholesale distribution, the company sells its products to third-party retailers and distributors, either in stores or online. The European consumer range consists of large department stores (such as Peek and Cloppenburg in Germany, El Corte Ingles in Spain and Printemps in France), international online pure-players (including Zalando, Asos and Amazon), and it also extends to smaller independent retailers. Tommy Hilfiger’s retail business is managed through company-operated full-price specialty and outlet stores, as well as through its online-operated shop. The brand’s specialty stores consist of flagship stores in high-profile locations in major cities, as well as anchor stores located in high-traffic retail streets and shopping malls in secondary cities. Outlet stores are located in premium outlet centres and are used primarily to clear leftovers and old inventory from previous seasons, at a discounted price.

In total, Tommy Hilfiger, which was acquired by PVH Corp in 2010, employs around 15,000 associates (employees) globally, while managing 1,600 freestanding stores around the globe in over 90 countries. The brand's anchor stores can be found in the most high streets in major cities, including Fifth Avenue in New York, Regent Street in London, and Omotesando in Tokyo. Global retail sales of products sold under the brand name of Tommy Hilfiger reached approximately US\$ 6.5 billion in 2015.

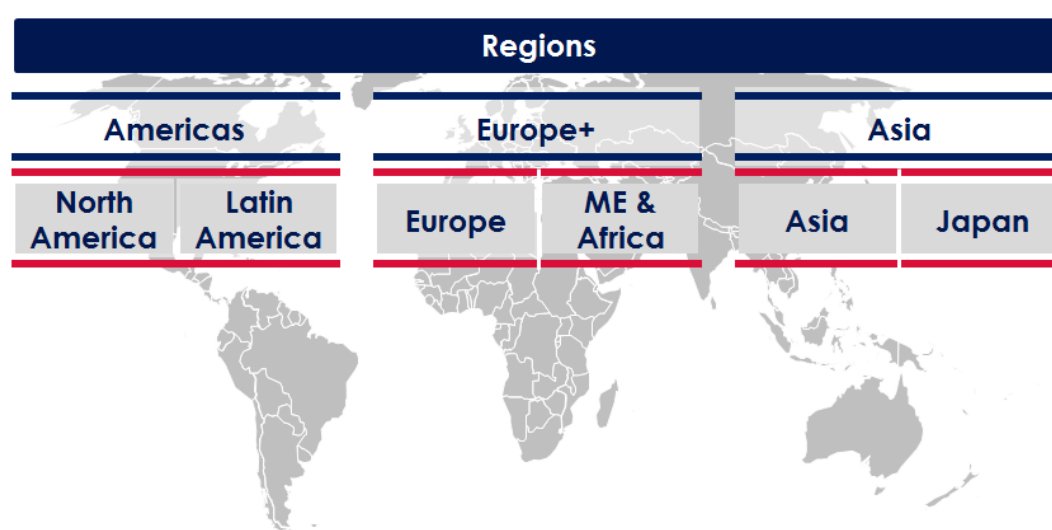
Tommy Hilfiger's US-based parent company, PVH Corp, is one of the largest apparel companies in the world, employing 30,000 associates. Its brand portfolio consists of nationally and internationally recognised brand names such as Calvin Klein and Tommy Hilfiger, and it achieved revenues of US\$ 8.0 billion in 2015.

### 1.1.2. Tommy Hilfiger – organisational set-up

The following data on the organisation of Tommy Hilfiger is drawn from internal documents, manager's support (see letter of support), and the researcher's personal knowledge, gained from experience as a Tommy Hilfiger employee.

The Tommy Hilfiger company is separated into three global regions, namely the Americas (comprising North and Latin America), Europe+ (including Europe, the Middle East and Africa), and Asia (consisting of Asia and Japan) (Figure 1.1). Although it is an American brand, the company's global headquarters is located in Amsterdam, the Netherlands.

Figure 1.1: Tommy Hilfiger - Global sales regions

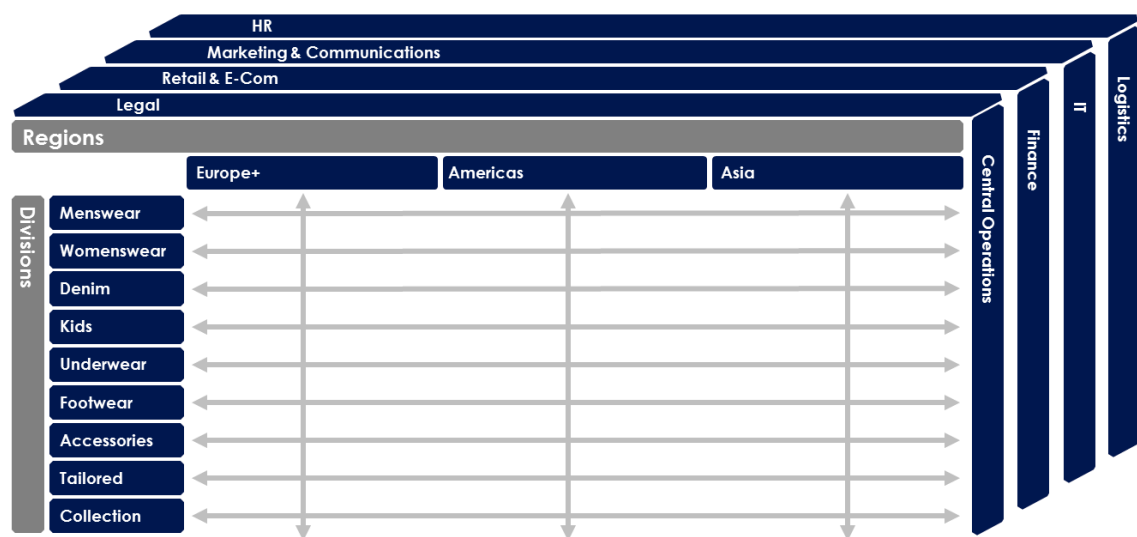


Source: Internal Documents (September 2016)

Europe has been the largest territory, contributing 45% of Tommy Hilfiger’s global sales. Within Europe, the brand is positioned at a premium price point. With high brand awareness and high consumer perception of the brand, its products and merchandise can be found in all major department stores across Europe, as well as online. Moreover, the brand operates anchor stores in all major European cities, such as Hamburg, Paris, London and Düsseldorf. In 2015, 59% of Tommy Hilfiger’s European net sales were generated through its wholesale distribution channels, 36% through its operated retail business, and 5% through the brand’s own online shop, Tommy.com.

The Tommy Hilfiger company is set up as a matrix organisation, structured in terms of regions, divisions and support functions. As illustrated in the following overview (Figure 1.2), regions include Europe+, the Americas and Asia, as described above; divisions are separated into Menswear, Womenswear, Jeans, Kids, Underwear, Footwear, Accessories, Tailored, and Collection; and support functions include the departments of HR, Marketing and Communications, Retail and E-Com, Legal, Central Operations, Finance, IT, and Logistics.

Figure 1.2: Tommy Hilfiger - Matrix organisation overview



Source: Internal Documents (September 2016)

The company’s various areas of responsibility are structured as follows (Table 1.1). ‘Operations’, led by Gernot Lenz (COO, Tommy Hilfiger Global and PVH Europe), includes the departments of Logistics, IT, Central Operations, Omnichannel Transformation, e-commerce, CRM, Retail, Retail Process Development, and Peoples Place (Canteen). ‘Finance’, led by Martijn Hagman (CFO, Tommy Hilfiger Global and PVH Europe), includes Financial Reporting and Compliance, Planning and Controlling,

Finance, Business Development, Supply Chain, Legal, Corporate Responsibility, Procurement and Facilities, Credit Control, and Central Merchandising. ‘Brand Management’ incorporates the departments of Creative Services, separated into Accessories/Footwear/Bags, Menswear, and Womenswear, managed by Avery Baker (CBO, Tommy Hilfiger Global). ‘Country Management’, including all responsibilities of sales and marketing activities, both B2B and B2C, is managed by Oliver Timm (COO, Tommy Hilfiger and Calvin Klein Europe); it is further divided into eleven separate sales organisations across Europe, including Germany+ (Germany, Austria, Switzerland, etc.), Russia+ (Russia, Ukraine, etc.), MEA+ (Middle East and Africa), the Netherlands, the UK+ (England, Scotland, Ireland, etc.), Belgium, Iberia+ (Spain, Portugal), Turkey, France, Italy, and Nordics+ (Denmark, Sweden, Norway, etc.).

Table 1.1: Tommy Hilfiger – Areas of responsibility

Operations Lead by Gernot Lenz (COO, Tommy Hilfiger Global & PVH Europe)	Finance Lead by Martijn Hagman (CFO, Tommy Hilfiger Global & PVH Europe)	Brand Management Lead by Avery Baker (CBO, Tommy Hilfiger Global)	Marketing Lead by Alessandro de Pestel (EVP, Tommy Hilfiger Global & CK Europe)	Country Management Lead by Oliver Timm (COO, Tommy Hilfiger & Calvin Klein Europe)	Divisions
<ul style="list-style-type: none"> <li>Logistics</li> <li>IT</li> <li>Central Operations</li> <li>Omnichannel Transformation</li> <li>E.Commerce</li> <li>CRM</li> <li>Retail</li> <li>Retail Process Development</li> <li>Peoples Place (Canteen)</li> </ul>	<ul style="list-style-type: none"> <li>Financial Reporting &amp; Compliance</li> <li>Planning &amp; Controlling</li> <li>Finance</li> <li>Business Development</li> <li>Supply Chain</li> <li>Legal</li> <li>Corporate Responsibility</li> <li>Procurement / Facilities</li> <li>Credit Control</li> <li>Central Merchandising</li> </ul>	<ul style="list-style-type: none"> <li>Creative Service</li> <li>Accessories, Footwear, Bags</li> <li>Menswear</li> <li>Womenswear</li> </ul>	<ul style="list-style-type: none"> <li>Advertising and Branding</li> <li>Digital Marketing</li> <li>Product Marketing</li> <li>Sales Activation</li> <li>Brand Development</li> </ul>	Sales Regions: <ul style="list-style-type: none"> <li>Germany+</li> <li>Russia+</li> <li>MEA+</li> <li>Netherlands</li> <li>UK+</li> <li>Belgium</li> <li>Iberia+</li> <li>Turkey</li> <li>France</li> <li>Italy</li> <li>Nordics+</li> </ul>	<ul style="list-style-type: none"> <li>Womens Apparel</li> <li>Underwear</li> <li>Mens Apparel</li> <li>Footwear, Accessories</li> <li>Hilfiger Denim, Kids</li> </ul>

Source: Internal Documents (September 2016)

The fashion brand of Tommy Hilfiger is positioned at the premium lifestyle segment, offering merchandise of premium styling and quality. The brand’s men’s and women’s core line named ‘Tommy Hilfiger’ focuses on 25 – 40 year old consumers. The brand’s younger line named ‘Tommy Jeans’ represents the casual line, offering premium denim products for denim-orientated consumers between 18 – 30 years of age. In order to strategically analyse and focus its target consumers and direct competitors, the brand clusters its premium lifestyle segment into three further categories and brand portfolios. This brand framework is separated into 1.established global premium brands 2.modern premium and fashionable brands and 3.accessible luxury brands, offering a clear framework used for the brand’s efficient market positioning. The brand’s framework for Men, Women and Jeans all are illustrated in Table 1.2.

Table 1.2: Tommy Hilfiger brand framework – consumer & competitor segments

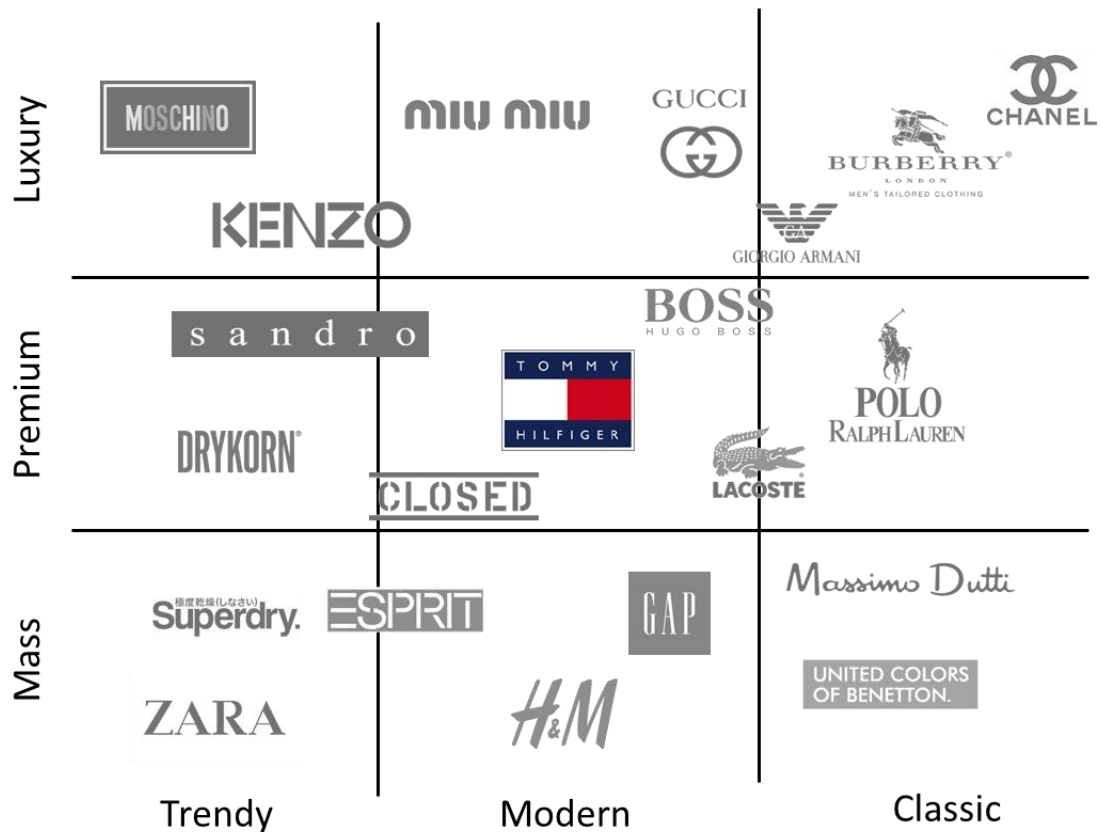
Established Premium Brands	Modern Premium & Fashionable Brands	Accessible Luxury Brands
TOMMY HILFIGER MENSWEAR		
<ul style="list-style-type: none"> <li>▪ Lacoste</li> <li>▪ Ted Baker</li> <li>▪ Gant</li> <li>▪ Polo Ralph Lauren</li> </ul>	<ul style="list-style-type: none"> <li>▪ Boss</li> <li>▪ Armani Jeans</li> <li>▪ Sandro</li> <li>▪ Michael Kors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Burberry</li> <li>▪ Stone Island</li> <li>▪ Armani</li> <li>▪ Kenzo</li> </ul>
TOMMY HILFIGER WOMENSWEAR		
<ul style="list-style-type: none"> <li>▪ Ted Baker</li> <li>▪ Marc O'Pollo</li> <li>▪ Gant</li> <li>▪ Polo Ralph Lauren</li> </ul>	<ul style="list-style-type: none"> <li>▪ Filippa K</li> <li>▪ Closed</li> <li>▪ Sandro</li> <li>▪ Michael Kors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Burberry</li> <li>▪ Tory Burch</li> <li>▪ Chloe</li> <li>▪ Kenzo</li> </ul>
TOMMY JEANS		
<ul style="list-style-type: none"> <li>▪ Levi's</li> <li>▪ Diesel</li> <li>▪ Replay</li> <li>▪ G-Star</li> </ul>	<ul style="list-style-type: none"> <li>▪ Carhartt</li> <li>▪ Stüssy</li> <li>▪ Obey</li> <li>▪ Denham</li> </ul>	<ul style="list-style-type: none"> <li>▪ WoodWood</li> <li>▪ Supreme</li> <li>▪ Palace</li> <li>▪ Ape</li> </ul>

Source: Internal Documents (January 2018)

With its broad product range Tommy Hilfiger aims to attract all consumer segments, namely fashion purists, fashion aware and fashion followers. Substantial marketing campaigns and brand collaborations speak to the complete range of consumers. Tommy Hilfiger is famous as one of the world's leading designer lifestyle brands with its unique classic American cool style, featuring preppy designs. Its products are well known for premium styling, quality and value. In the fashion market, as a designer brand, Tommy Hilfiger is positioned at the (so called) accessible luxury segment, thus the premium segment, below haute couture and pure luxury fashion brands such as Chanel, Burberry or Armani, but above middle and mass market brands such as Esprit, Zara, or H&M. Within its premium segment Tommy Hilfiger offers more modern merchandise than Polo Ralph Lauren or Hugo Boss, but less trendy products than Sandro or Drykorn. Tommy Hilfiger's market segments can be best illustrated in Figure 1.3.



Figure 1.3: Tommy Hilfiger- Market segments



Source: Author (May 2018)

### 1.1.3. Tommy Hilfiger – vision and focus areas

Tommy Hilfiger follows its defined and communicated ‘House of Rolling Vision’ (Figure 1.3). This means that Tommy Hilfiger follows its company’s vision to be the world’s favourite American designer brand, with its mission to excite and inspire consumers everywhere. By exploiting its values and the power of the brand, Tommy Hilfiger focuses on the priorities of being consumer-centric, adapting to change and to make products the priority. These are aimed to achieve its ambition to become a US\$-10-billion global retail sales brand in 2020.

Figure 1.4: Tommy Hilfiger - House of Rolling Vision



Source: Internal Documents (September 2016)

Table 1.3 summarises a further breakdown of the company's vision regarding its key focus areas. This includes the three pillars of 'wholesale growth', 'online growth', and 'improvement of full-price profitability'. All areas involve and include the topic of omnichannel services: for instance, by examining future collaboration models in the wholesale area; analysing distribution and product strategies within the online segment; or finally, outlining and piloting omnichannel services when focusing on full-price profitability.

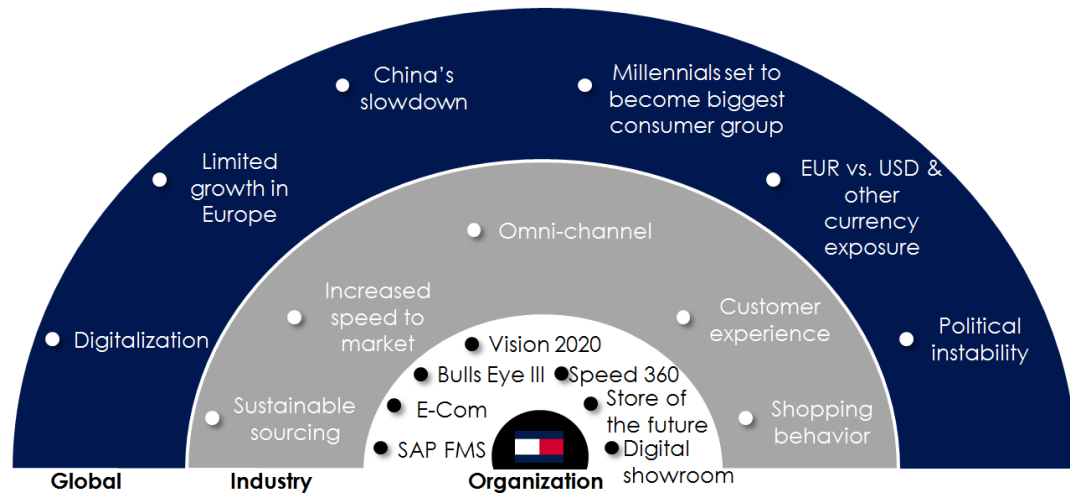
Table 1.3: Tommy Hilfiger – Key focus areas

GROW WHOLESALE	GROW ONLINE	IMPROVE FULL PRICE PROFITABILITY
<ul style="list-style-type: none"> <li>Focus on Key Accounts and Shop-in-Shops</li> <li>Customer segmentation</li> <li>Future collaboration models</li> </ul>	<ul style="list-style-type: none"> <li>Flagship brand experience tommy.com</li> <li>WHS partners &amp; online pure players</li> <li>Distribution &amp; product strategy</li> </ul>	<ul style="list-style-type: none"> <li>Re-assess store portfolio</li> <li>Balanced expansion (TH vs. CK)</li> <li>Pilot omni-channel services</li> <li>Store of the Future</li> </ul>

Source: Internal Documents (September 2016)

In addition, Tommy Hilfiger's analysis of global and industry challenges, summarised in Figure 1.4, outlines the global challenge of digitalisation and the industry trend of omnichannel as its key challenges for future business.

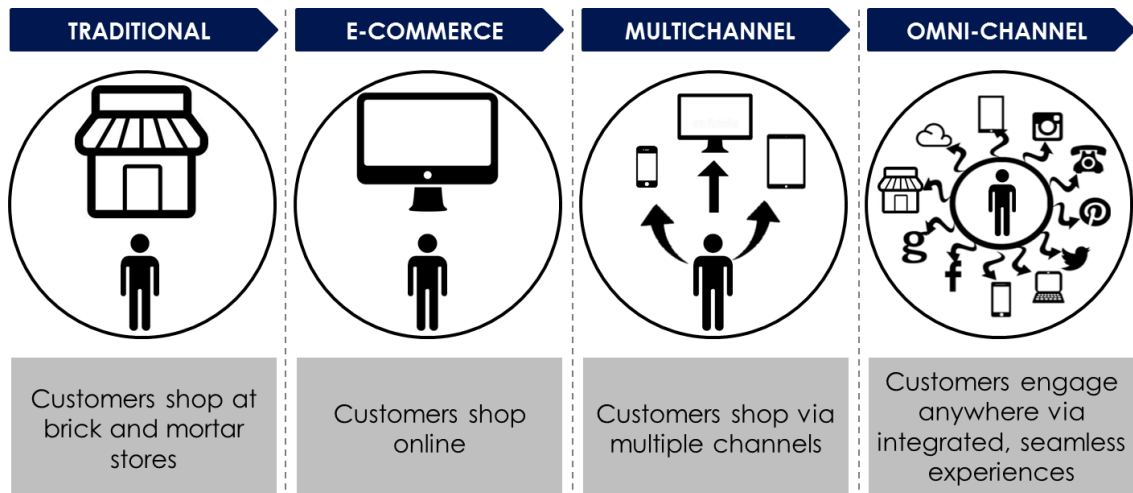
Figure 1.5: Tommy Hilfiger - Company's response to global and industry challenges



Source: Internal Documents (September 2016)

Within its strategy paper, Tommy Hilfiger defines its goal as becoming an omnichannel retailing fashion brand; this means that the company aims to engage consumers anywhere via integrated, seamless experiences. Its omnichannel services, stated within its goals for 2020, include piloting services of 'click and collect', which enables consumers to order from the Tommy.com online shop and collect items from one of its bricks-and-mortar stores; and 'stock visibility online', which enables consumers to check online if certain items are available offline. Other pilot services include 'order-in-store', enabling consumers to buy items from anywhere in store and have orders shipped to their store or their home. Additional services include allowing consumers to return online purchases to physical stores, to reserve items in-store from the online shop via 'click and reserve', and to fulfil orders from physical stores (if the item is available) in order to shorten lead times. All these pilots are planned to be launched in Europe before 2020.

Diagram 1.1: Tommy Hilfiger – Omnichannel journey – where TH wants to go



Source: Internal Documents (September 2016)

Tommy Hilfiger’s set-up, its various distribution channels, its vision, mission and mid-term focus areas, all outline omnichannel as a key focus area. As seen in Diagram 1.1, Tommy Hilfiger aims to engage consumers anywhere via an integrated, seamless experience.

## 1.2. Omnichannel management – an introduction

Having presented a brief history of Tommy Hilfiger and its aim to develop an omnichannel distribution strategy, it is necessary to identify the forces underlying and informing the company’s strategy and, by extension, this research.

The rapid progression of digitalisation is changing consumer behaviour. In today’s retail environment, consumers do not distinguish between channels; rather, they jump between off- and online distribution channels without pre-defining which one they will eventually use. Consequently, retailers have to know and respond to the needs and wants of each consumer individually. Consumers are demanding and expecting all retailers to offer an omnichannel shopping experience, delivering seamlessly across mobile, online and in-store merchandising platforms. Moreover, increasing numbers of consumers are demanding a far richer retail environment than ever before, asking for multiple digital channels for browsing, evaluating, comparing and purchasing products. Today’s consumers interact with various media during their shopping journey. Therefore, retailers have to pursue consumers across all media, devices and channels, and to offer a remarkable experience that allows them to connect to the consumer in any critical moment during the consumer journey. Furthermore, every retailer must respond to this sizeable

and restless digital consumer base, and should offer a seamless mobile and online strategy that integrates the shopping experience across portals, apps and retail channels.

Thus, the retailing landscape has moved into a new era which can be described with one buzzword, ‘Omnichannel’; this is seen as involving a structural change of the whole retailing industry. In this respect special attention is not only placed upon the ‘if’, but also on the ‘how’, when implementing an omnichannel strategy within a company’s organisation.

In terms of building an efficient omnichannel management strategy, the real challenge for retailers is to connect all distribution channels in order to accompany consumers during their buying process. To remain competitive in the digital age, traditional brick-and-mortar retailers face the challenge of reacting to ever-changing consumer behaviours. Thus, a well set-up, integrated and successful omnichannel retail business needs professional solutions. For retailers this requires a sustainable change within distribution channels, supply chains and working cultures. Accordingly, omnichannel management is one of the major topics discussed in current and future retail management.

Konus, Verhoef, and Neslin (2008) emphasised that the recent proliferation of channels towards omnichannel is creating extensive challenges for researchers and practitioners alike. These challenges in turn prompt studies in the field of omnichannel management, the design, deployment, coordination, and evaluation of channels through which companies and consumers interact, with the goal of enhancing consumer value through effective consumer acquisition, retention, and development.

Shen, Li, Sun, and Wang (2018) argued that although omnichannel management gets an increasing interest for industries and academia, research regarding omnichannel still is in its early stages. Grewal, Roggeveen, and Nordfaält, (2017) stressed that the future of retailing is an important area of inquiry which needs continued exploration. As stated by Verhoef, Kannan, and Inman (2015) current research on omnichannel management mainly considers retail distribution channels only, but should put a greater emphasis on the interplay between channels and brands. As emphasised by Verhoef et al. (2015) that is because omnichannel does not only broadens the scope of different channels, but also integrating consumer-brand-retail channel interaction. Galipoglu, Kotzab, Teller, Hüseyinglu, and Pöppelbuß (2018) outlined that there is an increasing research interest in the topic area of omnichannel retailing.

Ailawadi and Farris (2017) stressed that the progression from single- to omnichannel has made shopping more convenient for shoppers, but requires operational excellence as omnichannel becomes more difficult to manage. Shen et al. (2018) outlined that in comparison to multichannel management that focuses on multiple retail channels, omnichannel management focuses to synergise various parallel channels to achieve a seamless, integrated and consistent channel structure. According to Hosseini, Merz, Röglinger, and Wenninger (2017) multichannel management has become an established discipline. Within a multichannel approach channels are treated independently as operational silos, with each channel focusing on individual goals. Omnichannel management in comparison focuses on the synergetic management of multiple channels in order to optimise consumer experience across channels. In relation to Hosseini et al. (2017) omnichannel management focuses on an integrated management of multiple channels.

Hosseini et al. (2017) outlined that a key challenge for omnichannel retailers is to manage and implement an appropriate omnichannel strategy. It is pointed out that current literature and studies on omnichannel management focuses on single facets only but rarely on the big picture. As stated by Hosseini et al. (2017) there is hardly any study or theoretical approach that guides organisations in determining an appropriate omnichannel strategy and that therefore many organisations struggle to implement an omnichannel-strategy.

In addition and despite the high practical need, it is stressed that most research on omnichannel management predominantly takes a descriptive perspective, but rarely a prescriptive approach which guides organisations towards an appropriate omnichannel strategy. Von Briel (2018) outlined: *“As a result of changing consumer expectations and an increasing number of channels that require integration, many retailers struggle in their effort to move from multichannel to omnichannel retail. While the retail industry’s transition toward omnichannel retail is gaining importance, research that could provide guidance to retailers remains in its infancy.”* (Von Briel 2018, page 2)

This research tries to close this gap by its aim to develop a strategic omnichannel strategy process model, focusing on global fashion retail brands.

### **1.3. Why the research arose**

The literature review (presented in detail in Chapter 2) suggests that there are several theoretical approaches which can inform the development of a successful omnichannel

implementation. However, all existing research in the literature either fail to provide a practical example or do not place sufficient emphasis on the special requirements of the fashion industry. As presented before and outlined by Hosseini et al. (2017) a key challenge for omnichannel retailers is to manage and implement an appropriate omnichannel strategy. Current literature and studies on omnichannel management focuses on single facets only but rarely on the big picture. There is hardly any study that guides organisations in determining appropriate omnichannel strategy and that therefore many organisations struggle to implement an omnichannel-strategy. In addition and despite the high practical need, it is stressed that most research on omnichannel management predominantly takes a descriptive perspective, but rarely a prescriptive approach which guides organisations towards an appropriate omnichannel strategy. As stated before, von Briel (2018) outlined: *“As a result of changing consumer expectations and an increasing number of channels that require integration, many retailers struggle in their effort to move from multichannel to omnichannel retail. While the retail industry’s transition toward omnichannel retail is gaining importance, research that could provide guidance to retailers remains in its infancy.”* (Von Briel 2018, page 2)

The topic of omnichannel is gaining greater attention of practitioners and researchers alike. However many retailers still struggle to transform their businesses towards omnichannel. As research is still in its infancy, this study devotes special attention to the research question of ‘What is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ Therefore, the research aim is to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger.

The outcomes of this research provide: a) an approach to solutions and an effective and holistic omnichannel management strategy for fashion retail brands; b) the creation and development of a standardised omnichannel process model with an integrated channel architecture, thereby aligning marketing activities in order to create an omnichannel consumer service, as well as the set-up of appropriate operational functions; and c) the development of a holistic omnichannel transformation roadmap for fashion retail brands, based on the practical case study of Tommy Hilfiger.

#### **1.4. Importance of the research to Tommy Hilfiger**

The major focus within the discussion on omnichannel management is the issue of a consequent connection of all distribution channels, in which consumers are able to access all the company’s offers at any place, at any time, and via various channels. Special

attention within this discussion is devoted not to the question of ‘if’, but rather in terms of ‘how’ to implement an omnichannel strategy within the company’s organisation. Lessing (2013) stated that a well set-up and successful omnichannel retail business needs professional solutions.

As there is no single definitive solution yet, this research helps to provide some answers. As reported by Rinnebach and Kreuzer (2012) the core element within real omnichannel management is to establish an efficient connection between retail, e-commerce and wholesale. Therefore, this research aims to answer the question of how to build an omnichannel strategy that incorporates all relevant distribution channels. It also explores how much and in what aspects all distribution channels can be connected with a role of the channel strategy within a holistic omnichannel management approach, whereby all channels ultimately support each other and increase sales. Taking this problem as the focus, this research contributes to the current discussion on omnichannel retail management. It completes the picture of omnichannel management by aiming to outline a holistic process model approach, supporting companies on their way towards omnichannel implementation. Thereby, it addresses an important research area in terms of commercial demand, given that major retailers struggle to implement an omnichannel-strategy.

### **1.5. Research question, aim and objectives**

This research addresses the following research question: What is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands? Consequently, the research aim is to build a holistic and effective omnichannel management strategy, based upon the case study of Tommy Hilfiger.

The research aim is achieved by addressing the following research objectives, the first of which is:

1. To examine the relevant literature and underlying concepts of a balanced, effective and comprehensive omnichannel strategy, from a consumer and company perspective.

This involves aspects such as identifying what channel service outputs consumers demand, and discovering what omnichannel consumer experiences companies do, can and want to offer.

The second objective is:

2. To analyse the current channel strategy operating within Tommy Hilfiger.



This involves answering questions such as: What are the key operational functions within a company's omnichannel operating model? How should a company build omnichannel processes and an organisational setup and infrastructure? How can a company consistently meet its consumers' and management's expectations? What organisational and technological architecture is needed?

The third objective is:

3. To critically consider the alternative omnichannel options available, and develop a standardised omnichannel process model optimised for different channel combinations.

The fourth and final objective is:

4. To develop an omnichannel transformation roadmap for Tommy Hilfiger based upon the third objective.

This leads to a management decision proposal that includes recommendations concerning how to implement an effective omnichannel setup within respective organisations. Thus, this work addresses the research question of what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands, in particular, to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger. As stated at the end of the literature review section, this holistic approach has yet to be fully addressed in a fashion case-study context.

## **1.6. Research philosophy, strategy and methodology**

The research philosophy, strategy and design were informed in part, but not wholly, by previous studies (See Chapter 3: Literature Synthesis). The research philosophy, strategy and methodology are described briefly here, by way of introduction. Details are outlined during Chapter 4 Methodology.

As stated by Saunders, Lewis and Thornhill (2012), when deciding on what research philosophy to use, the researcher first has to consider the main alternative research belief systems or paradigms that are available. The philosophical approach adopted by the researcher affects a wide range of different aspects of the research, such as the basic methodological design, the choice of sample and type of data collected, the method of processing the data, how the outcomes of the analysis are interpreted, how the results are converted into conclusions, and the extent to which the research contributes to the knowledge base. In business and management research, there are two dominant paradigms, generally known as positivism and phenomenology.

According to Saunders et al. (2012), the underlying foundation of positivism is the logical and scientific analysis of events. Positivism assumes that research can be conducted using logical and rational analysis. As by Bryman and Bell (2015), positivism is closely linked to deductive theory, which represents the most common view of the nature of the relationship between theory and research. Deduction is related to the quantitative research strategy and mainly involves testing theories: the typical procedure is to create hypotheses based upon existing theory, and then to test them and discover laws. In other words, quantitative research emphasises quantification in the collection and analysis of data. It entails a deductive approach to the relationship between theory and research, with an emphasis on testing theories. It incorporates the practices and norms of the natural scientific mode, and of positivism in particular; moreover, it embodies a view of social reality as an external, objective reality. It is concerned with the testing rather than the generation of theories.

Saunders et al. (2012) stated that phenomenology is the main alternative research paradigm to positivism. Adopting a very different research approach from that of the positivist, the phenomenologist seeks to involve the researcher directly with the sample. In positivism, objective analysis holds importance, while the subjective interpretations, opinions and ideas of the researcher are excluded. However, in phenomenology, these subjective elements are absorbed directly into the objective aspects of the research, and are used to refine and develop the research, sometimes in real time. Phenomenology is thus often concerned with smaller sample sizes, and often centres on experimental or exploratory-based research, as opposed to the more hypothesis-based or hypothetic-deductive approach favoured by positivists. As stated by Bryman and Bell (2015), in comparison with deduction, induction is based upon qualitative research strategies and the generation of theory: thereby, it focuses on gathering facts, and thus on discovering and creating laws. Findings are regarded as emerging through the process of analysis, unlike in deduction, where findings are developed as hypotheses prior to data collection. Therefore, the deductive strategy is associated with a quantitative research approach, whereas an inductive strategy of linking data and theory is typically associated with a qualitative research method.

This research employs an inductive exploratory-based analysis of a cross-sectional case-study approach. Thereby, it follows the research paradigm of phenomenology. In relation to Saunders et al. (2012), the positivist is primarily concerned with objective and quantitative research; thus, this research adopted a phenomenological approach in seeking

to understand how a company works. Its main advantage lies in adopting a holistic view, thereby avoiding the reductionist tendency of positivism. In order to answer the question of how to build an effective and holistic omnichannel management strategy for fashion retail brands, the researcher sought to immerse himself as much as possible in the sample case study. The end product of phenomenological research should suggest new theories or approaches that can be subjected to subsequent positivist testing. Moreover, as current research on the topic of omnichannel management is still in progress, research in this area should be more exploratory than is permitted in standard so-called 'scientific' research. Thereby, phenomenological research benefits from the effectiveness of an ever-changing business environment while conducting the research. Moreover, concentrating on a phenomenological approach addresses the main drawback of positivism, namely that it produces results of limited application and may fail to adequately address the full complexity of the stated research problem. In general, phenomenology produces richer and deeper data: it allows the researcher to develop a much better understanding of why observed events are occurring, rather than merely how often or how quickly they happen.

Conforming to Bryman and Bell (2015), the research design represents the general framework of collecting and analysing data. As this research aims to produce an invaluable and deep understanding of omnichannel management, as well as creating new knowledge about real-world behaviour and its meaning, this thesis follows a case-study research design. As stated by Yin (2012) this being one of the most common and effective designs in modern business research. According to Saunders et al. (2012), a single case should be used to represent a critical, extreme or unique case. Moreover, a single case can be selected because it is typical, thus providing an opportunity to observe and analyse a phenomenon that no one or only a few have considered before. In relation to Rinnebach et al. (2012), poor omnichannel offerings can be identified in today's international fashion industry, thus making it an interesting industry for researching omnichannel management. Here, the subject of detailed investigation is the retail brand of Tommy Hilfiger. The company manages various distribution channels and makes a unique and typical single case study, in terms of analysing the research questions concerning omnichannel management within the fashion industry.

Yet another prominent alternative design is conducting a survey. As stated by Saunders et al. (2012), a survey is a research strategy that involves a structured collection of data. However, although a survey is more likely to be conducted in quantitative research, this thesis aims to derive mostly qualitative insights into the topic of omnichannel

management; therefore, a survey cannot be used as an alternative research approach within this doctoral research.

Saunders et al. (2012) stated that case-study research involves conducting either a cross-sectional or longitudinal approach. In a cross-sectional study, the researcher accesses the sample organisation and gains a set of appropriate data in as short a time as possible. A longitudinal study is the preferred approach when the researcher is studying long-term developments, and where the main aspects of the research are time-based, given that qualitative longitudinal approaches are concerned with observing and explaining social actions and developments over a period of time.

As the focus of this research is to generate qualitative insight into omnichannel management, it uses a cross-sectional approach; As reported by Yin (2012), this provides an invaluable and deep understanding of the case being studied. The subject of detailed cross-sectional investigation within this thesis is expected to yield valuable results, with great learning possibilities.

Before exploring the case of Tommy Hilfiger, the case study starts by considering some theoretical propositions or theories. According to Yin (2012), in general, any case study attempts to build, extend or challenge the existing research in the literature. Reading books and articles related to the research questions, making notes and noting keywords are essential; in this case, this is undertaken to provide necessary secondary information and inform the proposed research. These documents are either open sources, or are made available by Gernot Lenz (COO, Tommy Hilfiger global) or/and Oliver Timm (CCO, PVH Europe).

In relation to Yin (2012), the interview is the most widely employed method in qualitative business research. Qualitative interviewing is usually very different from interviewing in quantitative research, in a number of ways. First of all, it is much less structured (involving ‘semi-structured interviews’); this is because in qualitative interviews there is an emphasis on greater generality in the formulation of initial research ideas, and on the interviewer’s own perspective. Therefore, this technique can be compared rather to a conversation. Qualitative interviewing places much greater emphasis on the interviewer’s perspective, and it offers insights into what the interviewer sees as relevant and important. Qualitative interviewing tends to be more flexible, and it is focused on rich and detailed answers. Moreover, in qualitative interviews, the interviewee can be interviewed on more than one, and sometimes even several, occasions.

This research follows the data collection method described above. Following a detailed and in-depth literature review, which forms the theoretical basis of this research, semi-structured interviews were conducted with key teams and persons within the Tommy Hilfiger company as well as the company's managing board. Key teams and departments that were working on the topic of omnichannel retail included the departments of Retail Expansions, Business Development, Marketing, and Central Merchandising; consequently, the research acquired rich and useful data that were relevant to the research questions and objectives. As the main research focused on an exploratory study and adopted an inductive approach, semi-structured and non-standardised in-depth interviews provided qualitative outcomes that revealed reasons for participants' decisions, attitudes and opinions.

A non-probability sample was chosen based namely on a 'judgement basis'. Semi-structured interviews on an individual basis were conducted with selected key members and teams who were judged to be in the best position to provide rich and useful data relevant to the research questions and objectives. All semi-structured interviews were held with the management staff of these key departments in Düsseldorf, Germany, or in the global Headquarters in Amsterdam, the Netherlands. Because this doctoral research was supported by the top management of Tommy Hilfiger, all Interviewees were available for in-depth semi-structured interviews. Formulated key questions were tested in advance by conducting a pilot test. The gathered data were then content-analysed. More details on the research methodology are provided in Chapter 4, Methodology.

### **1.7. Summary of the thesis content**

This research starts by giving a short introduction on the topic of omnichannel management and the company used as a case study, the fashion brand of Tommy Hilfiger. It continues by outlining the research questions, aims and objectives in more detail, before going into details of the research's research philosophy, strategy and methodology.

After the introduction this research continues with the literature review (chapter 2) which provides comprehensive insights to both underpin and inform the research. The literature review covers the topics of fashion industry characteristics, describing the industry's supply chain and operations management in further detail; fashion companies, including the topics of fashion brands and distribution channels; as well as outlining the evolution of the fashion retail environment in the 21st century, including the topics of digitalisation, consumer behaviour and omnichannel management.

The research continues with a short review and conclusion of the literature review before moving towards the literature synthesis (chapter 3) in which literature strands a merged and the conceptual omnichannel strategy model is being developed. After describing this research's methodology (chapter 4), chapter 5 continues with outlining and analysing the pilot and main study results in order to come up with a final discussion and conclusion during chapter 6.

## **2. Literature Review**

The following provides a comprehensive literature review to both underpin and inform the research. The literature review covers the topics of fashion industry characteristics, describing the industry's supply chain and operations management in further detail; fashion companies, including the topics of fashion brands and distribution channels; as well as outlining the evolution of the fashion retail environment in the 21st century, including the topics of digitalisation, consumer behaviour and omnichannel retail characteristics. The literature review closes with a review and conclusion.

### **2.1. Fashion industry**

The global fashion industry is one of the largest employers and economies on the planet. Kim (2013) suggests that the global fashion industry has rapidly grown over the last decades and became an important part of the world economy. Bruce, Daly, and Towers (2004) outlined that textiles and apparel is a major sector for the industrialised as well as the lesser developed economies by contributing wealth and employment globally. Due to its global relevance and its extensive characteristics, it remains an interesting field of today's research. This chapter summarises key research on the topic of fashion industry characteristics as well as its overall supply chain and its management and operations. By outlining the fashion industry supply chain, its characteristics, challenges, strategies and operational activities as well as its major functional areas in detail, this research discusses how and in what way an omnichannel strategy influences these areas respectively. By taking all aspects of operational and functional areas into account, this research sets the basis to discuss and answer the research question of what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands.

#### **2.1.1. Fashion industry characteristics**

Hines and Bruce (2001) noted that in common speech the word 'fashion' stands for a special manner regarding how to act and behave at a given time and place. They thereby identified the term fashion as something that is understood as a way of expression and style. Ciarniene and Vienazindience (2014.1) described fashion as a way for individual affirmation. They described it as a defined style a group of people wears at a given time. In addition Carniene and Vienazindience (2014.1) analysed that by the use of fashion, individuals, groups and societies communicate their taste and lifestyle. Moreover fashion is described as a complex social phenomenon used to create individual identity, group affiliation, or to rebel against conformity.

Carniène and Vienazindience (2014.1) outlined that fashion is encompassed with products or markets where there is an element of style. As stated by Jackson and Shaw (2006) most people equate the term fashion mainly to clothes and textiles and thus to products and merchandise from the fashion industry. However, it has to be considered that the word fashion today can also be applied not only to the fashion industry but also to the lifestyle industry and thus besides textiles and clothing also to music, beauty products, cars, drinks or food, among others. Macchion, Moretto, Caniato, Caridi, Danese, and Vinelli (2015) described fashion as a broad term, which can encompass products for which style is a key element, present and relevant.

Brun and Castelli (2008) outlined that term 'fashion' is applicable for to the clothing industry, but can also extended to companies from other sectors. Brun and Castelli (2008) described that in the past clothing only had a functional purpose, but that today, clothing is connected to fashion and thus signals belonging to social class. Brun and Castelli (2008) analysed that clothing is therefore more produced to what is wanted, rather than needed. Shen, Qian, and Chi (2017) stated that within the fashion industry, social needs are seen as critical for purchasing decisions.

Also Tungate (2012) stated that today fashion is much more than about clothing goods only. He argued that fashion has become a lifestyle, reaching out in almost all product groups, including mobile phone, cars, media, home accessories and many more. This assessment can be confirmed when analysing fashion brands such as Armani. Next to its original products of clothes and apparel, the company is selling home furniture, accessories, flowers, chocolates and even building hotels under their brand name, aiming to offer their consumers a complete range of luxury products and lifestyle environment. Nevertheless, within this research, the general definition of the fashion industry is used, which includes apparel and clothing only.

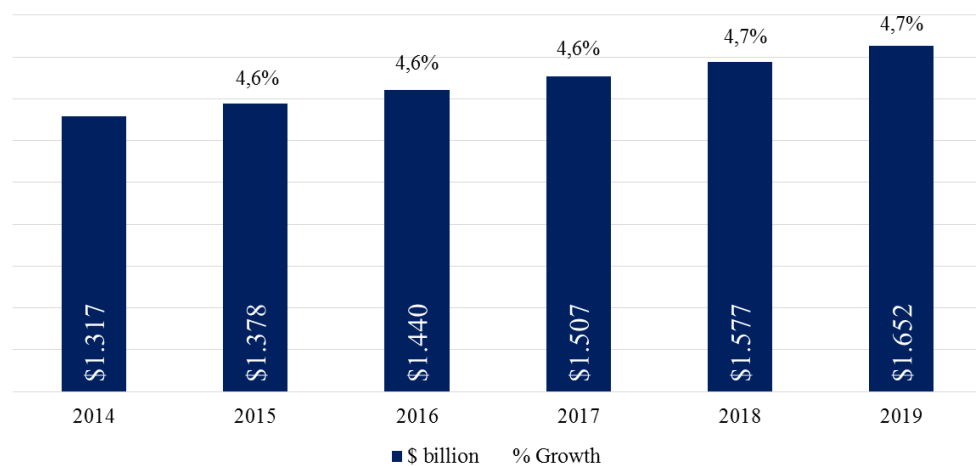
As stated by Bodimeade (2013), fashion and clothing today has more functions than simply keeping its owners warm, while acting as a statement for social-economic class and a way in which people aim to express their individual identity. Thereby, it is argued that especially in developed economies fashion plays an important role as a diverse range of fashion products is offered, all able to fulfil different people's social needs.

The Fashion Apparel Industry Overview (2015) outlined that the general term of the fashion industry comprises many different industries employing millions of people worldwide. Thus, it is an international industry, most often with merchandise designed in



one, manufactured in another and sold in a third country. Data on the global fashion industry is difficult to obtain as it covers many geographical markets and different sub-industries. As stated by different market analysis such as from marketline.com (2015) or Bodimeade (2013), the global apparel retail industry value in 2014 lay between \$ 1,200 billion and \$ 1,300 billion and despite the global economic downturn in 2013, the global fashion industry had shown continuous growth. According to Stotz and Kane (2015), this growth had steadily increased over the last 16 years. Additionally, as shown in Figure 2.1, as reported by Lu (2015) this growth is expected to continue at a compounded annual growth rate of 4.7% until 2019.

Figure 2.1: Global apparel retail industry value forecast: \$ billion, 2014 – 2019



Source: Lu (2015)

Stotz et al. (2015) outlined that approximately 60-75 million people are employed in the global fashion and apparel industry, encompassing international textile, clothing and footwear sectors. Thereby, the womenswear sector accounts for the largest portion with approximately 46%, followed by menswear with approximately 30% and childrenswear with approximately 15%. These numbers support Bodimeade's (2013) argument of the apparel industry being one of the most important global economies in terms of employment, trade, investment and revenue globally.

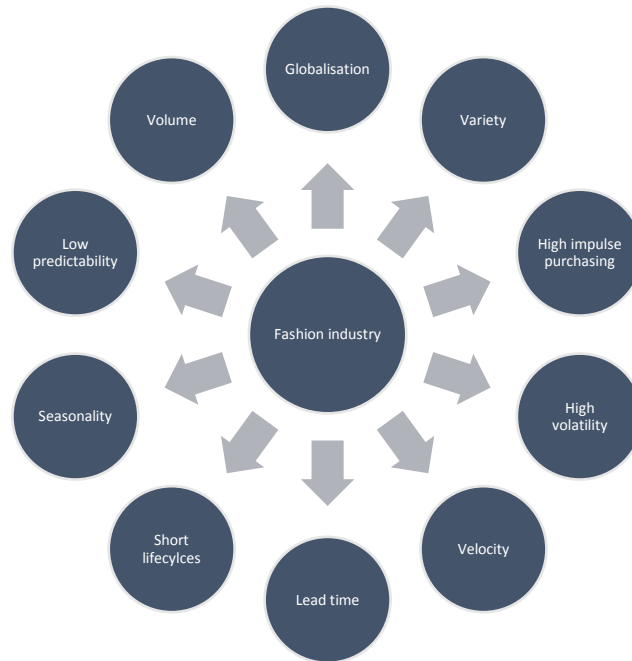
Despite its continuous growth and size, as noted by Heinemann, Schleusener and Zaharia (2012), no industry other than the global fashion industry has had to undergo and face such dramatic challenges and changes during the last decade. Indeed, it has not yet ended: Diamond, Diamond and Litt (2015) argued that these challenges and changes are still underway today. They result from a continuous shift in consumer expectations and behaviours, pushed and affected by an increasing usage of the internet, the on-going wide-

spread of mobile devices and a digital evolution known as digitalisation, penetrating all aspects of the consumers' daily lives.

Despite these new challenges, the fashion industry is known for its extensive existing industry characteristics, demanding every player within its overall supply chain. As emphasised by Wong, Guo and Leung (2013), the fashion industry is characterised by short product life cycles, numerous product varieties, unbalanced consumer demand and thus by complex decision making process during its overall supply chain. Also Bodimeade (2013) summarised the fashion industry as an industry with short product life cycles, vast product differentiation and a great pace of demand changes coupled with inflexible supply chain processes.

In addition to all of these factors influencing and affecting the overall industry, Jackson and Shaw (2006) argued that fashion and clothing have the distinctive feature of continuous change pushed by social behaviours. It is argued that due to fast-moving trends, the fashion industry is characterised by a variety of flavours and the implication of short product life cycles. Numerous international events and activities influence the popularity of looks and the fashion-grade of products, which implicates the difficulty for fashion companies to determine looks and products sold best to the consumer. Jackson and Shaw (2006) suggested that due to this phenomenon fashion companies are hindered from planning their sales with an absolute certainty, thus being forced to act quickly at all times while maintaining their flexibility. Carniene and Vienazindience (2014.1) summarised following characteristics of the modern fashion industry, which are highlighted in Figure 2.2.

Figure 2.2: Main characteristics of modern fashion industry



Source: Carniene and Vienazindience (2014.1)

Carniene and Vienazindience (2014.1) outlined high order volumes as one of the key challenges, resulting from a vast number of end products (colour-size combination) and reduced batch sizes. In addition demand of fashion products are mostly not stable, as being influenced by several factors, such as weather or events (films, pop stars, etc.). The higher the fashion-grade of a product, the higher its unpredictability. Moreover the fashion industry has been identified as being increasingly global, which pushes pressure on supply chain decisions and deciding where to produce which style at a given time, especially taking into consideration that consumers are asking for shorter lead times. Chan, Ngai, and Moon (2017) supported that view by stating that fashion items are characterised by short product lifecycles, impulse purchases, high demand volatility and consequently low sales predictability. Kim (2013) stated that the fashion industry is characterised by a high level of market demand uncertainty and short product life cycles. Donnell, Hutchinson, and Reid (2012) put forward a similar argument stating the fashion industry not being stable or static, but characterised by a continuously changing environment, whereby retailers continuously adapt their products, services and images to meet the demands of the consumer market. In addition and similar to Carniene and Vienazindience (2014.1), Chan, Ngai, and Moon (2017) outlined the fashion industry as being fragmented, globalised, as well as affected by numerous economic, social, financial and political factors.

Despite all well-known and recent challenges, Jackson and Shaw (2006) outlined that the fashion industry always faces a variety of upcoming and new challenges in marketing products and brands to consumers. Today, in the digital era, markets are no longer homogenous in the way that they used to be, rather becoming increasingly fragmented. This is because consumers react to wider choice, cheaper prices, faster-changing fashion, accessible luxury, changing lifestyles and different methods of shopping. Digitalisation, accessible information anywhere anytime and radical changes in communication and entertainment technologies force fashion companies to keep up with ever-changing consumer demands. Shen et al. (2017) emphasised that today, especially social media can lead to short-term demand changes, pushed by fashion leaders and follower groups. This scenario Shen et al. (2017) stated as especially common in the fashion industry, increasing overall demand volatility to an even higher level.

Fashion is not only fast-moving and its industry is more than simply complex. Moreover, it is continuously affected by numerous multifaceted challenges and changes. Precisely for this reason, the fashion industry is one of the most interesting industries to be analysed. Before analysing how fashion-companies have to react to omnichannel consumer behaviour, it is important to understand and know the overall fashion industry in detail, including its definition, components and all players involved. In reference to this research, the term fashion industry describes the fashion apparel and retail industry. However, it is important to differentiate between the apparel and textile industry from the outset. The differences can best be illustrated by outlining the fashion industry supply chain.

### **2.1.2. Fashion industry supply chain**

As stated by Boyer and Verma (2009), a supply chain is a *'network of organizations that work together to convert and move goods from the raw materials stage to the end consumer. These organizations are linked together through physical, information and monetary flows.'* (Boyer and Verma 2009, p.19). Koumbis (2014) described it even simpler by stating that a supply chain is a set of companies or firms that produce and distribute goods and services to the end consumer. Bruce, Daly and Towers (2004) described a supply chain as the flow of goods from the very first stage, the production of products up to final sales to the end-consumer. Kim (2013) defined a supply chain as all activities that are performed to create value, from the production of raw materials, transforming them to finished goods, up to the delivery to consumers.

Drake and Marley (2010) proposed that the fashion supply chain is highly fragmented into various layers because several players from various continents are involved, such as

fibre producers, raw textile manufactures, apparel manufacturers and retailers, all together making the industry even more complex.

Within the fashion industry's supply chain, as outlined by Singleton (2013), fibres flow from the chemical and agricultural industry to the textile industry as one of the first steps, where they are spun into yarn and woven into fabrics. After fibres have been transformed into fabrics by the textile industry, they are processed to the fashion apparel industry and transformed into finished garments, before reaching international points of sale within the final step. Within Singleton's definition, he noted that marketing, logistic and transport activities are utilised at diverse intermediate stages within the overall supply chain.

A similar description of the fashion supply chain can be found in Sen's (2008) article about the U.S. fashion apparel industry supply chain. Here, the first part and thus the starting point of the fashion supply chain is the fibre producers, using either natural or synthetic materials. After their production, fibre materials are spun, woven or knitted into fabrics by textile mills, reflecting the second part of the supply chain. Within the following third step, apparel manufactures produce finished garments, which are offered for sale to the end consumer by fashion retail companies during the fourth and final step of the fashion supply chain.

To put it even simpler, the following illustration by Milstein and Co Consulting Inc. (2008) can be used to describe the fashion industry supply chain (Diagram 2.1). Within this study, the overall supply chain has been broken down into three major industry segments, namely the textile, apparel and retail industry.

Diagram 2.1: Apparel supply chain segments



Source: Milstein and Co Consulting Inc. (2008)

As noted by Milstein and Co Consulting Inc. (2008), the textile industry is responsible for the development of raw materials, its production and the following supply to the apparel industry. Within the apparel industry, garments are designed, created and passed forward to the wholesale distribution. The third and final segment - the retail industry - is responsible for distributing the finished fashion items to the end consumers.

Koumbis (2014) also divided the fashion supply chain into manufacturers, wholesalers and retailers, as well as adding a fourth segment, namely the final end consumer. Within his model, manufactures convert raw materials into fibres, spin, yarn and finish goods, which are sold to the wholesalers afterwards. Wholesalers supply these goods to retailers or directly to end consumers. If merchandise is passed forward to the retail business, here goods are directly sold to consumers for their personal use.

As stated by Caridi, Perego, and Tumino (2013) the complex but interesting omnichannel environment of the fashion industry attracted the attention of researchers and practitioners alike. According to Kim (2013) fashion companies have to deal with downstream supplying functions as well as upstream retailing functions. Accordingly fashion companies have to make decisions on sourcing and channel strategies. Caridi et al. (2013) outlined that in order to face industry challenges fashion companies have been prompted to focus on core competences, and therefore externalised an increasing number production activities to a complex network of suppliers around the globe. Finished products are delivered through complex global distribution networks, including large retailers, mono-brand stores, department stores, corner shops, shipping centers, as well as numerous channels online. Caridi et al. (2013) stressed that commercial success of any fashion company lies in the ability to manage multiple relationships with business partners and stakeholders while at the same time focusing on its retailing competency.

While analysing and placing a focus on fashion retail brands, this research analyses the influences of omnichannel consumer behaviour on the fashion apparel industry. This comprises all steps aside from those of the textile industry. Although the development and production of raw materials cannot be neglected, the priority of this research is to study the omnichannel influences and effects on the apparel and retail industry segments.

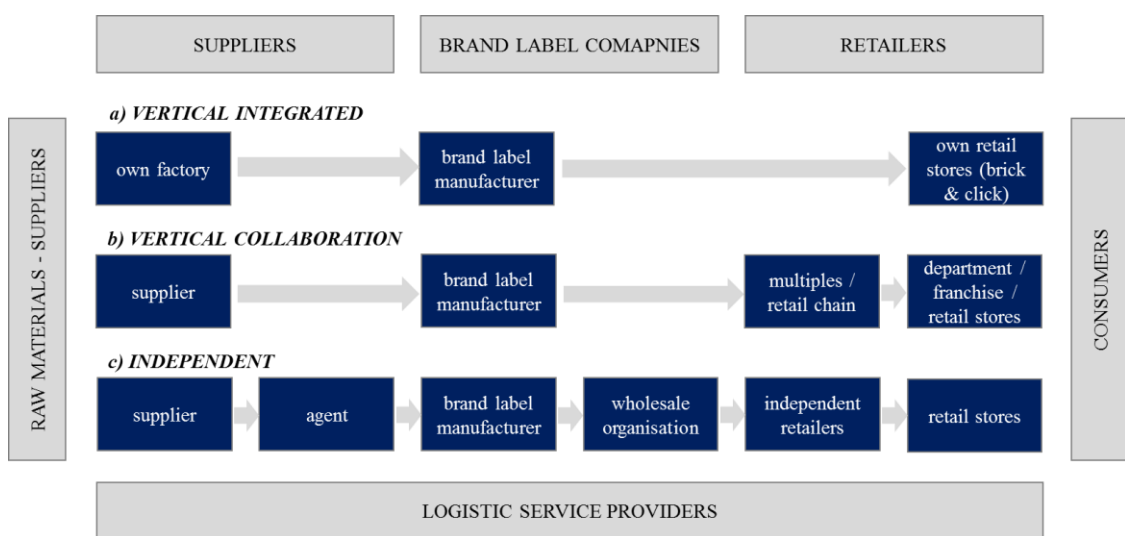
All descriptions on the overall fashion supply chain outlined before assume that the chain comprises different separated segments. However, as described by Leeman (2010), different segments of the overall fashion supply chain can be interlinked. Poloian (2013) defined this practice - in which two or more supply chain activities are conducted by one and the same company - as vertical integration. Koumbis (2014) also defined the process whereby companies conduct more than one activity within the overall supply chain as vertical integration.

Poloian (2013) stated the athletic apparel and footwear company Under Armour as a good example of a vertically-integrated fashion company. While acting as a manufacturer

within the apparel industry, Under Armour sells its products and merchandise to chain stores such as Foot Locker, while also reaching out to its consumers via owned and operated retail stores as well as selling online.

Leeman (2010) analysed the term vertical integration from a perspective of a retailing company. He argued that there are three different channels within the fashion supply chain network and thus three different kinds of retailers. In his model of manufacturers and retailers - which can be seen in Diagram 2.2 - Leeman defined vertically-integrated retailers, retailers conducting vertical collaboration and independent retailers.

Diagram 2.2: Manufacturers and retailers – players in the supply chain network



Source: Leeman (2010)

Leeman's model is illustrated in Diagram 2.2, outlining all retail channels and their respective players involved in the supply chain network. Leeman (2010) named the Spanish fashion company Zara as a representative example of a vertical integrated fashion company. This is because the company conducts every step by itself, from organising manufacturing to the management of owned and operated retail stores. So-called vertical collaboration can be found when analysing brand label manufacturers or fashion brands such as Nike or Esprit. While having a close relationship to its suppliers and even in some cases produce themselves, they sell their products and merchandise via department, franchise or chain stores, while at the same time operating their own retail stores. Leeman (2010) described the independent supply chain as the complete opposite to verticalisation. Here, different players of the fashion supply chain do not work together with each other at all.

Within a different model, Koumbis (2014) argued that there are three different types of vertical integration: forward integration, in which manufacturers take in retail activities; backward integration, in which retailers start wholesale or even manufacturing activities and balanced integration, in which one company takes in all of the supply chain activities and thus has complete control from production to distribution.

Koumbis (2014) stated the fashion brand of Polo Ralph Lauren as an example of a forward integrated company. That is because Polo Ralph Lauren not only controls its design and production - thus acting as a manufacturer - but also sells its products to department and chain stores via its wholesale business. Moreover, the company sells its products and merchandise via own operated retail stores and thus directly to its end consumers.

In order to analyse and outline how and in what way omnichannel activities influence retail fashion brands, their strategy and operational activities, it is vital to have a solid understanding of the overall fashion supply chain and its different segments involved. Accordingly, due to vertical integration most fashion brands have to consider that changes and challenges at one end of the supply chain - e.g. a changing consumer behaviour towards omnichannel - influences and affects all activities and segments throughout the complete supply chain from start to finish.

As outlined in the previous section and as shown by Sen (2008) and Leeman (2010), the overall fashion supply chain comprises various different segments and numerous players involved. Ray (2010) also emphasised the complexity of the industry's supply chain. He put forward the argument of a high complexity of the overall fashion supply chain by stating that various fields of specialists can be found, including designers, spinning facilities, manufactures of raw materials, weaving and knitting companies, as well as garment producers. Moreover, he argued that although distributors, wholesalers and retailers build the front-end of the overall supply chain, all are only able to conduct more than one activity due to a high degree of verticalisation. It becomes clear that the fashion industry characteristics and its basic structures are versatile and challenging. The industry's supply chain is defined by high complexity throughout its various stages.

However, as outlined, the fashion industry and its supply chain still has to fight against several additional persistent factors. One of the most demanding factors is the growth of global competition, encouraged by an ever-increasing inter- and globalisation as well as enhanced digitalisation. Given that more players around the globe are able to take part in fashion supply chain activities, supply is increasing, especially within the global fashion



retail segment. More retailers and an increasing offer of fashion products - including online - cause less predictable but more fluctuating consumer demand at the company level, causing both shrinking gross margins and increasing costs of retail stores and personnel.

As noted by Wong, Guo, and Leung (2013), other factors such as short production lead times, tight delivery dates as well as the demand for producing small quantities and frequent styles changes stand for even more intense but typical challenges within the fashion supply chain. Further challenges can be found in the significant consolidation of retailers during the last twenty years, the move of the majority of apparel manufacturing overseas and the increasing use of electronic commerce in retail and wholesale trade, as outlined by Sen (2008).

Even more, Wong et al. (2013) put forward the argument that all companies being part of the fashion supply chain have to focus on productivity, manufacturing and logistic costs, but - additionally and next to its costs and profits - also social environmental factors, political stability and the legality of countries involved, technological as well as micro-environmental factors such as consumers, competitors and supplies.

In addition, as noted by Attune (2014) and Leeman (2010), the ongoing success of vertical fast-fashion retailers such as Zara or Hennes and Mauritz force other fashion brands as well as department and chain stores not conducting a fully-vertical integrated business model to speed up and shorten their overall operations, as well integrating their systems up- and downstream in the supply chain. Overall, fashion brands and retailers globally are moving at a relentless pace to keep up with consumer demands in an omnichannel environment. It becomes clear that especially fashion brands not being fully vertically integrated are forced to manage their assortments and inventories with a much greater accuracy, flexibility and efficiency, while at the same time integrating their overall processes and system throughout their supply chain.

As outlined by Wong et al. (2013), the fashion apparel industry is characterised by complex decision-making processes at its various stages. These include decisions concerning where and when to produce, the planning, scheduling, controlling and forecasting of production as well as the ongoing analysis of fashion trends. The request for short bulks of production, rapidly changing demand and squeezed costs pushed by an increasing demand of just-in-time production lead to an even more complex and difficult process of decision-making. This is why Wong et al. (2013) emphasised that within the

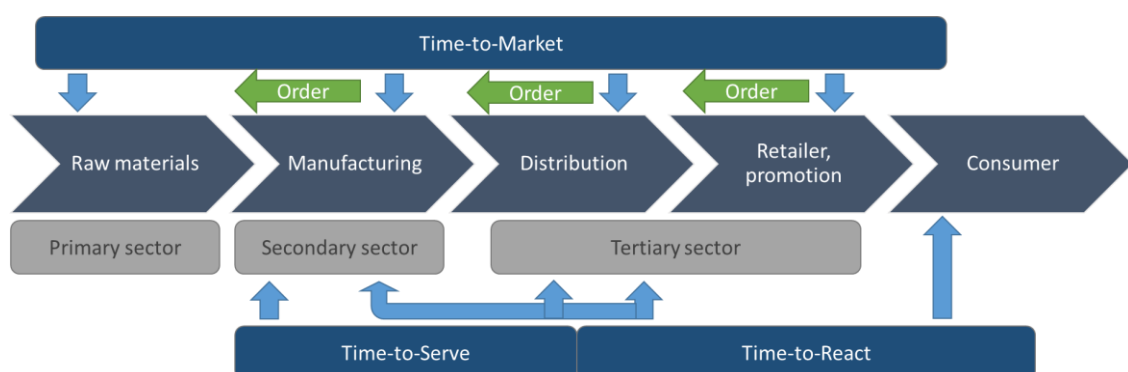
overall supply chain sales forecasting becomes a decisive task in supply chain management. Accurate and reliable forecasts result in effective production planning, no loss of orders, adequate consumer service and efficient utilisation of resources. Overall, it is argued that effective forecasting results in increased profitability.

These arguments are confirmed by Leeman (2010), who argued that supply chain systems are the basis for building a competitive advantage and enable fashion brands to gain market share and optimise sales productivity. Additionally, as stated by Wong et al. (2013), effective production planning and scheduling becomes an important role in maximising resource utilisation.

Because of the fashion industry's characteristics, its complexity and challenges, Ciarniene et al. (2014.1) argued that supply chain management becomes strategically important. Furthermore Brun and Castelli (2008) outlined that because of the fashion industry's increasing complexity and dynamics, research in the area of fashion industry's operations and supply chain management enhanced. Brun and Castelli (2008) stressed that especially due to an increasing brand awareness in the sector of fashion, combined with consumers focus to receive a complete shopping experience in an omnichannel environment across different channels, sets new requirements for aligning supply chain operations.

In order to analyse all relevant sectors, stages and processes within the modern fashion industry, in their research Carniene and Vienazindience (2014.1) summarised the modern fashion industry within a supply chain management model illustrated in Diagram 2.3.

Diagram 2.3: Fashion supply chain management model



Source: Carniene and Vienazindience (2014.1)

Carniene and Vienazindience (2014.1) presented that the fashion industry involves three economic sectors and four main stages, including the production of raw-materials, the

production of fashion goods, retail sales, and various forms of advertising and promotion. These stages are separated while being interdependent, all with the common goal of satisfying consumer demand. Within the overall supply chain, Carniene and Vienazindience (2014.1) stated the importance of time, which was recognised as a competitive advantage, especially within today's fashion industry. They argued that the ability to meet consumers' demand on shorter lead-times becomes a critical factor for any fashion company to succeed. This argument is supported by Chan et al. (2017) who stated that because of fast changing fashion trends, fashion company supply chains should be as fast and cost-effective as possible, in order to gain maximum profit before selling peak ends and markdown phase begins. Bergvall-Forsberg and Towers (2007) stressed the same argument by saying that retail companies not being able to react on sudden market changes not only miss sales opportunities but are faced with losses due to higher markdowns. In consequence being slow could result in unsatisfied consumers, sales reduction and obsolete stock.

Carniene and Vienazindience (2014.1) outlined that three critical lead-times have to be managed in order to successfully compete in today's fashion industry. Those include a) time-to-market, the time companies need to recognise demand, translate it into a product and bring to market; b) time-to-serve, the time between order capturing and delivery; as well as c) time-to-react, the time needed to adjust output on volatile demand. Ciarniene and Vienazindience (2014.2) argued that in the fashion industry being able to spot trends, translate them into product and serve the consumer as fast as possible became a pre-requisite for success. Fashion companies managing slow supply chain processes miss sales opportunities and profits, as products hit sales floors after selling peak and can only be sold (if any) with high markdowns.

Zhang, Onal, and Das (2017) stated that in general supply chains are concerned with demand variance which can be forecasted, whereas in fashion it is about rapid changes in consumer buying behaviours, short product life cycles, demand uncertainty, long lead times and high price discounting. This argument is support by Chan et al. (2017) who stressed that fashion products are characterised by very short lifecycles, thus being able to be sold only for a very short period of time. What is more, fashion companies' challenge is to choose the right quantity for the right time in order to meet consumers' needs. To sum it up, Carniene and Vienazindience (2014.1) argued that the major challenge for fashion companies is to beat the time consumers are willing to wait for a product, by the time to bring the product to market.

Chan et al. (2017) argued that in today's environment fashion companies have to focus on developing smart supply chain strategies, focusing on speed and agility. Chan et al. (2017) emphasised this to be crucial in order to succeed. Also Brun and Castelli (2008) stated that success or failure of fashion companies is determined by the company's overall flexibility and responsiveness on consumers' volatile demand. Carniene and Vienazindience (2014.2) argued that the ability of managing agile and responsive fashion supply chains cannot be seen solely as a competitive advantage any longer, but rather than a prerequisite to survive. This argument is support by Chan et al. (2017) who stressed that supply chain agility and organisational flexibility became strategically key.

Agility is defined by Chan et al. (2017) as the ability of a supply chain to respond on demand changes rapidly or, in a similar definition, as the capability to realign its networks and operations to meet dynamic consumer demand. It is argued that in this context agility and flexibility are highly related and that flexibility is an important factor in order to reach overall company's supply chain agility, as flexibility means being able to respond on a highly volatile marketplace. In that context flexibility is described as a company's ability to adjust structures and processes to respond to internal and/or external changes. Carniene and Vienazindience (2014.1) argued that the adaption of lean and agile supply chain strategies help to offer products at the time and place the consumer requests it.

Bergvall-Forsberg and Towers (2007) outlined that lean and agile practices focus on increasing supply response to market demand and that the more agile a business is, the more supply alternatives are required in order to meet market needs. Bruce, Daly and Towers (2004) outlined that lean supply management focuses on the reduction of waste, mainly time, whereas agile focuses on the ability to react on rapid and unpredictable market changes. 'Leagile' had been defined as a combination of both approaches for optimal supply chain management. As agility is related to downstream and leanness do upstream supply chain activities, the combination of both enables cost efficiency and high service levels in a volatile market environment. As outlined by Bruce, Daly and Towers (2004), all, the lean, agile and leagile approaches focus on reduce lead times in order to improve consumer demand. Being able to utilise both aspects of agility and leanness is seen as a prerequisite especially for companies in the fashion industry, as they need to be able to respond to quickly changing demand while increasing overall profitability at the same time.

In relation to Bergvall-Forsberg and Towers (2007) and within the discussion on strategic supply chain decisions and management, it is argued that fashion companies should

differentiate between product categories. Bergvall-Forsberg and Towers (2007) outlined that manufacturing decisions for basic- and seasonal products differ, as in contrast to seasonal products, basic products are more cost sensitive. It is argued that in order to compete, supply chains have to match product life cycles as well as product categories. It is argued that fashion companies should set different supply strategies for different product segments and consumers they serve. Bergvall-Forsberg and Towers (2007) argued that a mixed supply base approach (cost effective overseas manufacturer and responsive domestic suppliers) can optimise supply requirements and thus is seen as appropriate for the textile and clothing industry.

### **2.1.3. Supply chain management and operations**

Leeman (2010) highlighted the definition of supply chain management as follows: *'The alignment of upstream and downstream capabilities of supply chain partners to deliver superior value to the end consumer at less cost to the supply chain as a whole'* (Lemann, 2010, p.46). Furthermore, he defined managing the supply chain as a combined effort of managing product lead times, their various service components and individual cost drivers.

Conforming to Boyer and Verma (2009), supply chain management can be defined as follows: *'Supply Chain Management (SCM) is the organization of supply chain activities, including purchasing of raw materials and components from suppliers, distribution of parts and finished goods and administration of the relationship with consumers, in order to maximize competitive advantage. SCM involves a coordinated effort by a group of organizations to manage the supply chain from raw material to finished product or service in the most efficient way possible'* (Boyer and Verma 2009, p.xvii).

In order to analyse different supply chain operations, a further detailed definition of supply chain management is required. Bruce, Daly and Towers (2004) outlined that supply chain management can have an internal, as well as an external perspective. The relationship with consumers and suppliers is seen as external, whereas processes between departments as internal. Boyer and Verma (2009) described internal supply chain management as operations management and as *'...the process that effectively produce, transform and deliver a product or service.'* (Boyer and Verma 2009, p.xvii). It becomes clear that in that context operations management refers more to processes within a single organisation, whereas supply chain management refers more to processes and exchanges across different organisations. Boyer and Verma (2009) argued that both operations and

supply chain management encompass an increasingly strategic aspect, as companies can follow different strategies to achieve success.

As stated by Bowon (2013), the global fashion industry has rapidly grown during recent years, becoming an important part of the worldwide economy. As the competition within the fashion apparel industry has intensified, it is characterised by a high level of market demand uncertainty and short product life cycles. According to Randal, Gibson, Defee and Williams (2011), as a consequence of these uncertain economic conditions, retailers appear to be developing more agile and responsive supply chain management strategies. As stated by Bowon (2013), the competitive priorities of fashion companies are closely linked with the firm's choice of target market, which in turn determines its supply chain strategy, including channel strategy. Bowon (2013) argued that it is now essential for a successful fashion company to implement an effective supply chain strategy to become more responsive to the constantly-changing market environment.

As reported by Ray (2010), supply chain management encompasses all processes of designing, sourcing, manufacturing and distributing from its origin to the final consumer. Supply chain management activities include several processes such as transportation, warehousing, inventory management and replenishment. As stated by Gibson, Hanna, Defee and Chen (2013), a supply chain can be defined as the material and information interchanges in the logistical process, stretching from acquisition of raw materials to delivery of finished products to the end consumers. In this context, supply chain management is defined as the management that integrates supply and demand management within and across companies. In summary, In relation to Shah (2009), the supply chain encompasses all activities involved in the transformation of goods and their reach to the end consumer. Thereby, supply chain management involves the planning, design and control of materials, information and money along this chain.

Conforming to Kim (2013) there are many players involved within the global fashion industry, from raw material suppliers to retail channels, all adding complexity. At the same time consumer requirements for new merchandise leads to a shrinking life cycle of fashion products, which makes it difficult to achieve an appropriate level of responsiveness. Competitive pressure as increasing product variety and short life cycles push companies not only to achieve supply chain efficiency, but in order to be competitive, to design and manage supply chains that are agile, adaptive and aligned. Therefore, Kim (2013) argued, it becomes essential for successful omnichannel fashion companies to design an effective supply chain strategy in order to become more

responsive to this constantly changing market condition. As a result, the effective coordination of diverse activities and function in the supply chain has become one of the top priorities faced by fashion companies within its overall omnichannel strategy.

Conforming to Kandampully (2011), within the omnichannel retail environment of today, consumers expect a seamless service integration across all channels. Therefore, organisations face the challenge of transforming their supply chains to create a competitive supply chain network. Kandampully (2011) argued that omnichannel retail demands coordination, flexibility and agility in supply chains based upon real-time sales data. Thus, supply chain management has to be improved. Omnichannel retailers need to be agile in their interaction with consumers as well as all of its partners within the supply chain.

As stated by Sen (2008), especially the fashion industry is faced with a complex structure of supply chains because the industry is characterised by short product life cycles, unpredictable demand and tremendous product variety. Furthermore, Sen (2008) argued that within such an environment efficient supply chain management practices can mark the difference between success and failure. According to Caridi, Perego and Tumino (2013), the fashion industry has attracted the attention of researchers and practitioners in recent decades owing to the growing complexity of the supply chain.

When analysing fashion retail brands' supply chain activities and retail operations, in relation to Geissler (2013), most international retailers set up their business structures and functions according to their respective B2C (business to consumer) and B2B (business to business) business model requirements. All functions focus on delivering the right product at the right place, at the right time, with the right (brand) message, all in the most efficient possible way. The key business areas of marketing, product management, sales and distribution, fulfilment and administration can be named as the most relevant and important areas. All areas encompass several functions, as listed in Table 2.1 below.

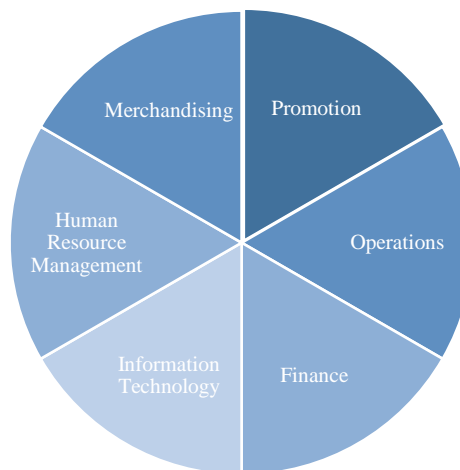
Table 2.1: Key operational functions within overall operating model

MARKETING	PRODUCT MANAGEMENT	SALES & DISTRIBUTION	FULFILLMENT	ADMINISTRATION
<ul style="list-style-type: none"> <li>▪ STRATEGIC MULTI-CHANNEL MARKETING</li> <li>▪ MARKETING CAMPAIGNS</li> <li>▪ WEB ANALYTICS</li> <li>▪ CONTENT MANAGEMENT</li> <li>▪ CONTENT MNG</li> <li>▪ SOCIAL MEDIA</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ PRODUCT DEVELOPMENT</li> <li>▪ SOURCING</li> <li>▪ MERCHANDISING</li> <li>▪ PURCHASING</li> <li>▪ DEMAND &amp; SUPPLY PLAN</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ WEBSHOP &amp; ORDER-RECEIPT</li> <li>▪ WEBSHOP MANAGEMENT</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ 3PL MANAGEMENT</li> <li>▪ RETURNS</li> <li>▪ WAREHOUSE MANAGEMENT</li> <li>▪ IN- / OUTBOUND LOGISTICS</li> <li>▪ ACCOUNTS RECEIVABLE</li> <li>▪ ACCOUNT PAYABLE</li> <li>▪ ...</li> </ul>	<ul style="list-style-type: none"> <li>▪ IT</li> <li>▪ HUMAN RESOURCES</li> <li>▪ LEGAL</li> <li>▪ FINANCE</li> <li>▪ CONTROLLING</li> <li>▪ RISK MNG</li> <li>▪ ...</li> </ul>

Source: Own representation based on Rinnebach et al. (2012)

According to Poloian (2013), there are six strategic retail business functions - merchandising, operations, promotion, finance, human resource management and information technology – as summarised in Figure 2.3.

Figure 2.3: Major functional areas of retailing



Source: Poloian (2013)

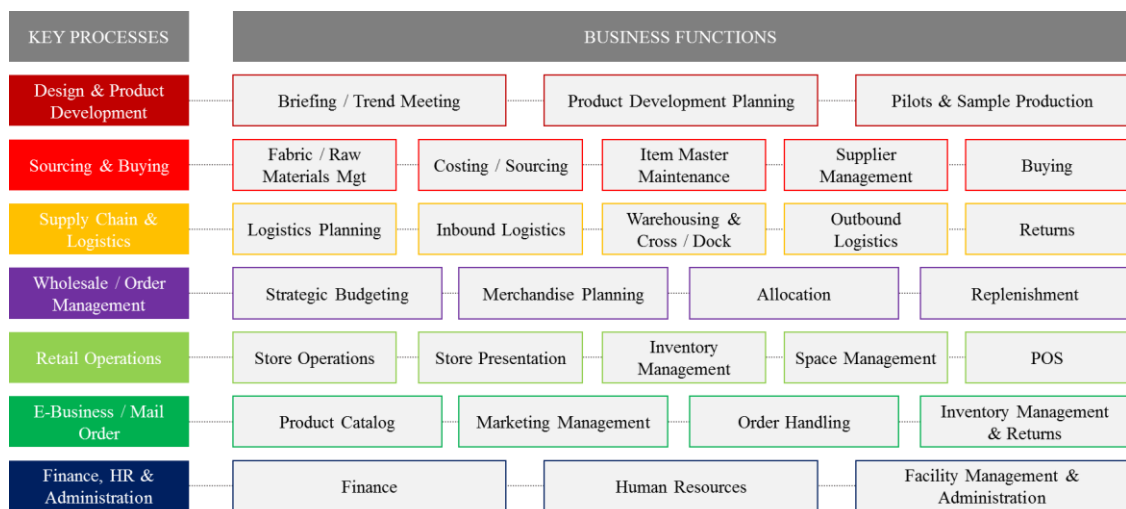
In relation to Poloian (2013), merchandising includes sourcing, buying and selling activities. The area of operations involves the functions of consumer service, shipping, warehousing, inventory management, as well as facility development and maintenance. Promotion involves the tasks of advertising, visual merchandising, public relations, personal selling and sales promotion events. The fourth area of finance comprises all tasks related to controlling and finance, which are accounting, forecasting, budgeting and taxation. Recruiting, hiring, training and assessment of personnel can be named as tasks and responsibilities of the human resource department, whereas IT (information technology) crosses the functions equally. In addition, Poloian (2013) stated that all



functional areas cannot work in isolation, as without constant collaboration and communication all areas of retail operations cannot work efficiently.

As previously outlined, although retail operations stand for the principal duty, the fact that fashion companies most often manage more than retail operations only has to be considered. Leeman (2010) outlined seven key processes and 29 business functions that have to be managed by fashion companies. These individual process and business functions are outlined in the following Diagram 2.4.

Diagram 2.4: Key processes for brand label manufacturers and department stores



Source: Leeman (2010)

Within his overview, Leeman (2010) outlined seven key processes, namely design and product development, the sourcing and buying, the supply chain management including logistics, wholesale and order management, retail operations, e-business and mail order functions as well as administrative tasks including finance and HR. Moreover, Leeman (2010) allocated several business functions to the named key processes. Thereby, he argued that this overview cannot be adopted one-to-one to every fashion company, but rather provides a broad picture and presents an overview of the important processes and business functions.

Within the discussion on omnichannel retail Faulds, Mangold, Raju, Valsalan, and Faulds (2018) outlined that an effective supply chain management should enable retailers to provide a seamless integration of all channels, thus to provide seamless integration and omnichannel fulfilment. Faulds et al. (2018) argued that companies need to revisit its supply chain activities to create agile and responsive actions in order to align with its omnichannel strategies. Although the complexity of supply chain management increased

dramatically due to the multitude of channel options and omnichannel marketing capabilities, mastering those complexity will lead to competitive advantage. Also Hsieh, Roan, Pant, Hsieh, Chen, Lee, and Chiu (2012) reported that the most common word uttered by managers in the context of omnichannel management is complexity. Sa Vinhas et al. (2010) supported that view arguing that today's distribution channels are increasingly complex, that often end-consumer markets are served through multiple systems and diverse channel types as well as various entities involved. Faulds et al. (2018) analysed that retailers that successfully combine its omnichannel strategy with its supply chain and focus on providing seamless experience across all channels for its consumers, offering direct fulfilment, cross channel inventory visibility and operational efficiency, will discover higher sales due to increased consumer loyalty and conversion. Faulds et al. (2018) analysed that successful omnichannel retailers are able to share inventory between channels being more flexible and that especially mobile shoppers should be allowed to buy any available inventory, anywhere, anytime.

Having presented the fashion industry supply chain, its characteristics, challenges, strategies and operational activities as well as its major functional areas in detail, this research discusses how and in what way an omnichannel strategy influences these areas respectively. By taking all aspects of operational and functional areas into account, this research sets the basis to discuss and answer the research question of what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands.

## **2.2. Fashion companies**

The previous sections outlining the fashion supply chain have shown that the fashion retail business can be found at the very end of the overall industry's supply chain. Levy and Weitz (2013) defined the retail business as the set of business activities that add value to the products and services sold to consumers for their personal or family use. Thus, the retail business is defined as the last link in the supply chain before final consumption. In the work in the literature and the discussion on the overall fashion industry, the term 'fashion retailer' is found rather than the term 'fashion company'. This is why it becomes essential to set and agree on clear definitions from the outset.

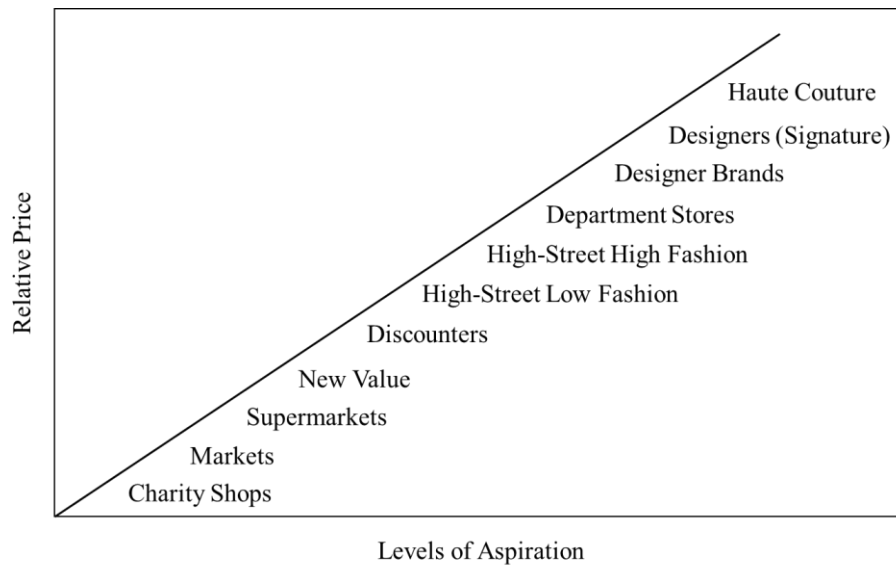
As explained in the previous sections due to vertical integration, fashion companies can take on many different activities of the supply chain, such as manufacturing, wholesaling and retailing operations. Vertical integrated companies produce some or all of its products

and merchandise in own operated facilities, selling products to e.g. department or chain stores, acting as a wholesaler, as well as managing own operated retail stores. As noted by Tungate (2012) and despite many fashion companies like Topshop, Hugo Boss or Gucci - among others - not only handling retail operations but also managing manufacturing and wholesale activities, this research uses the term fashion company rather than fashion retailer. Although retail operations stand for the principal duty of those companies, the fact that fashion companies most often manage more than retail operations only has to be considered.

Fashion companies can be found in many different market segments. As outlined by Tungate (2012), apparel and clothing can be bought at many different places. Walmart can be cited as an example of a discounter offering low-priced fashion products, Macy's and El Corte Ingles as department stores offering private labels and fashion brands, as well as Hennes and Mauritz, Zara and the Gap Inc. as fully vertically-integrated companies offering one single fashion brand in their stores only. In addition, today almost all fashion companies sell their products online, as do international fashion chain stores like Nordstrom, online pure-players like Amazon or Zalando and fashion brands like Polo Ralph Lauren or Hugo Boss. It becomes evident that consumers all over the globe are able to buy fashion products in various markets, from a wide variety of different suppliers and via various distribution channels, from low-priced fashion products in brick-and-mortar supermarkets to haute couture fashion brands online.

This scenario of a wide variety of fashion companies, markets and distribution channels is also emphasised by Jackson and Shaw (2009). They outlined that fashion products can be found across different price and quality levels, offered from supermarkets, retailer own-branded fashion stores and luxury or couture brands. The continuum of clothing and fashion can be best illustrated by its relative price and the levels of aspiration summarised in Diagram 2.5.

Diagram 2.5: The continuum of clothing and fashion



Source: Jackson and Shaw (2009)

Diagram 2.5 - outlined by Jackson and Shaw (2009) - arranges fashion products and merchandise according to their relative price and level of aspiration. Thereby, haute couture products - with the highest relative price and level of aspiration - can be found at the very top of the order, followed by signature designer products, designer brands and department stores. Bottom-placed products can be found in charity shops, markets and supermarkets. In this context Diamond et al. (2015) outlined that different fashion companies do not only target consumers according to by demographics, such as gender or age, but also conforming to psychographics, such as groups classified as achievers, experiencers, or innovators. Carniene and Vienazindience (2014.1) added that consumer segments can be build according their taste and lifestyle, as well as, as described by Brun and Castelli (2008), according to their belonging to social class, or, as described by Shen et al. (2017), according to their to social needs. Li, Liu, Kim, Goh, Yang, and Lee (2012) outlined that fashion lifestyle, thus consumer's attitude, interests, and opinion, all relate to the purchase of fashion goods. Thus it is an important dimension for consumer segmentation. Brydges and Hracz (2018) described that fashion companies adopt various strategies to create and communicate values in order to target different consumer lifestyles. This is done with the major strategy to focus on the immaterial aspect such as branding.

Carniene and Vienazindience (2014.1) stated that although there may appear to be differences between the expensive designer fashions shows on the runways of Paris or New York and the mass-produced sportswear and street styles sold in malls and markets

around the world, the fashion industry encompasses the design, manufacturing, distribution, marketing, retailing, advertising, and promotion of all types of apparel from the most rarefied and expensive haute couture and designer fashion to ordinary clothing. Brun and Castelli (2008) outlined three dimensions important for the fashion industry and its companies, namely product characteristics, brand and retail channel. It is argued that due to the fact that consumers are asking for increasing product variety, the product itself is the main competition driver. Bergvall-Forsberg and Towers (2007) described that the fashion merchandise range can be divided into three major segments. Those are basic products, seasonal products and short-season products. Basic products, also known as NOS (never out of stock) are products sold the entire year and thus are not linked to a specific season. Conforming to Bergvall-Forsberg and Towers (2007) basic products have the characteristics of minimal demand variation. Seasonal and short-seasonal products are sold in a short period of time (season) during the year, mainly separated into summer and winter seasonal styles.

However Brun and Castelli (2008) argued that the value for consumer cannot only be expressed by the product and its tangible assets, but also by its intangible components such as the brand image and positioning. Once creating brand value, fashion companies can justify a premium price as they provide psychological satisfaction to consumers. Brand building becomes a source of competitive advantage. As a third dimension Brun and Castelli (2008) named the retail channel. It is argued that every business goal is to be market orientated, but for fashion it is essential, as here in many different distribution channels companies exploit the contact towards its consumers. Different formats can follow different strategic purposes. Anchor stores can fulfil brand awareness role, whereas outlet stores main purpose can be to generate sales. Brun and Castelli (2008) argued that a correct alignment can allow competitive advantage mainly by consumer loyalty. Brun and Castelli (2008) summarised that within the fashion industry, product, brand and channel should be taken into account within strategy formulation.

It becomes clear that nevertheless and despite the numerous different places, markets and channels to buy apparel and clothing, the fashion industry is well known for its international fashion brands. Companies such as Armani, Gucci, Tommy Hilfiger or Polo Ralph Lauren are famous and popular around the globe. In relation to Tungate (2012), this is the case because people do not want to buy clothes, but rather an identity, an expression of how they feel and how they see themselves and wish to be treated by others.

### **2.2.1. Fashion retail brands**

As reported by Kotler, Wong, Saunders and Armstrong (2005), a brand is defined as *'a name, term, sign, symbol or design, or a combination of these, intended to identify (...) one seller or group of sellers and to differentiate them from those of competitors'* (Kotler et al. 2005, page 549). Okonkwo (2007) defined a brand as *'the sum of all the feelings, perceptions and experiences a person has as a result of contact with a company and its products and services.'* (Okonkwo 2007, page 103). In this context, according to Zentes, Morschett and Schramm-Klein (2007) a brand provides a specific identification rather than being equated with the product itself. It is argued that building and maintaining a brand stands for the most important skill and ability of any marketing manager. A brand identifies the manufacturer, producer or supplier of the product. Consumers see the brand as an important part of the product or service itself, as brands are not only able to satisfy the consumer's functional needs but also their psychological wants.

As outlined by Okonkwo (2007), a product possesses tangible attributes and features. However, a brand is the sum of experiences and communications received by consumers, including intangible functional and emotional elements. Accordingly, it is argued that a brand - other than products that can be copied - have the power to be unique and timeless.

As analysed by Kotler et al. (2005), consumers perceive branded products in other ways than unbranded products. He stated the example of a Chanel perfume, which is perceived by the majority of people as a product with high quality and luxury standards. Kotler et al. (2005) raised the assertion that if this product were sold within an unmarked bottle without showing the popular and famous Chanel logo on it, consumers would see the product as less luxurious or qualitative, despite containing the same liquid.

In his research on luxury fashion branding, Okonkwo (2007) pointed out that a brand is able to intake characteristics of identity, value, promise and differentiation, which are able to create a relationship between the consumer and the brand. Okonkwo (2007) argued that the relationship and value creation is the fundamental benefit of a brand.

In relation to Li and Kambele (2012) brands are able to provide value to consumers by sharing exclusivity, quality and brand association. The perceived value is the consumer's subjective judgement about the brand's excellence. The higher the brand value, the higher the consumer's willingness to pay a premium price. This argument is supported by Foroudi, Jin, Gupta, Foroudi, and Kitchen (2015) who outlined that consumers prefer products which correspond to their image, expressing their personality. High brand equity

from a consumer perspective will generate positive reactions to the brand and leads to positive financial results for the respective fashion company.

Li et al. (2012) outlined that consumers use brands to conform professional position, social status, to classify themselves or to distinguish from others. In addition Gentina, Shrum, and Lowrey (2016) outlined that fashion brands enable people to show their uniqueness. Brand names and symbols help as they intake a symbolic identity in a given society. Kim, Ko, Yu, and Han (2012) supported this argument by outlining that the ownership of luxury brands can reflect owner's social status. Thus consumers express their values through purchasing brands. As a consequence brands can be seen as a symbolic language that allows consumers to communicate their personality to each other. In addition Ko and Megehee (2012) stated that next to and in addition to social functions and self-expression and self-presentation, brands can provide the feeling of reward and fulfilment.

According to Kotler, Wong, Saunders and Armstrong (2011), a strong brand stands for a decisive value that a company can hold. This value results from consumer loyalty. Companies that are able to build a successful brand and thus create a commitment of consumers to their products and merchandise are able to strengthen their power to protect their business against marketing strategies of competitors.

Although Kotler et al. (2005) defined a brand as a name, term, sign, symbol or design, he objected his statement in his comprehensive book on the Principles of Marketing (2011) by arguing that a brand is much more than simply a name or symbol. He outlined a brand as a key element in the relationship between a company and its consumers because the actual strength of a brand is to build a preference to buy the product and consumer loyalty. Furthermore, Davis (2009) put forward the argument that brands build the interface between a company and its consumers, thus doing much more than simply labelling a product. Miller and Mills (2012) emphasised that brand luxury is associated with originality, creative excellence, uniqueness, creative imagination, innovative design and creative quality, which links with the symbols, logos and package design.

Conforming to Okonkwo (2007), a high brand value is not easy to reach. He argued that it is the result - the strategic aim - towards which all elements of professional brand management focus. Moreover, he pointed out that the aimed brand value - in contrast to the brand equity, which stands for the psychological indicators of the consumers - occurs when the brand equity results in financial gains. Tungate (2012) commented on what a

fashion brand is all about by stating: *'You don't buy clothes – you buy an identity'* (Tungate 2012, Fashion brands, p.1).

As previously mentioned, the fashion industry around the globe is popular and well known for its international fashion brands. As outlined by Tungate (2012), people buying fashion products and merchandise do not buy clothes, but rather an identity. This identity is linked to the clothes' brand values, which have been communicated and pushed forward via marketing strategies. This is also raised by Choi (2014), who outlined that people buying branded fashion products do not buy them solely due to their functional needs, but rather owing to the excitement and personal social needs such as self-image protection or showing social status.

Okonkwo (2007) outlined the notion that fashion brands cannot be equated to products and thus should not be managed like this. The brand identity is perceived by the product itself, whereby he argued that it is most often realised by product differentiation and attached emotional appeal, which creates desire and attraction for consumers. Most often a brand creates an intimate relationship between the consumer and the brand. This is especially relevant in the fashion industry, in which Okonkwo (2007) argued that consumers become overwhelmed with product variety and choices, whereby the final consumer purchasing decision is based upon which brand to choose.

Miller and Mills (2012) outlined that because of quick demand changes, short product life cycles, easy entry barriers and an increasing competition, fashion brands have marketing costs and complexity that exceeds those of other fashion categories. According to Choi (2014) and his analysis on fashion branding and consumer behaviours, effective branding is a critical success factor, as he argued that effective branding strategies can increase consumer loyalty, create equity and thus strengthen profitability. Moreover, he argued that the fashion industry is characterised by huge demand fluctuation, with an increasing number of fashion brands offering a greater number of products in smaller lines. Moreover, the evolution of the internet and social platforms like Facebook, Instagram and Pinterest have led to the situation whereby - in relation to Okonkwo (2007) - new brands being launched are able to gain global awareness much easier and in a shorter period than in the past. This results in a hard competitive market environment as market expansion and entry barriers are comparatively low. It is argued that this scenario makes the fashion industry one of the most dynamic industries on the planet. Therefore, Choi (2014) argued that fashion brands have to consistently reinvent themselves to remain fresh and keep their desirability. In addition, as outlined by Kim et al. (2012), in fashion,



due to its continual and cycle nature, people buy more frequent in order to imply to be into the style.

In order to consistently reinvent a brand, remain fresh and keep the brand's desirability, fashion brand management thus has to closely answer the questions of what makes one brand different from another. What special attributes does the brand have and what makes it special? What does the brand do better than competitors that offer similar products? Fashion companies are answering many of these challenges and questions via global marketing campaigns. This is why it becomes clear that in the discussion of fashion brands' marketing operations play an important part to be analysed.

However, in his analysis on fashion brands, Tungate (2012) analysed that traditional marketing activities have become less significant in the 21st century. That is the case because he argued that consumers do not only want to understand the brand but also be part of it. Social media campaigns, brand communities, personal marketing activities are on the push. This concept is also known as 'brand experience', as outlined by Davis (2009). This is to build intangible and tangible elements of a brand together in various touch points. Consumers do not receive product offering by the brand, but rather they experience the brand.

Besides the discussion on marketing being a decisive factor in today's global brand management, Tungate (2012) argued that a brand value is also put on a level with the price-value ratio. He analysed that people buying a product of a fashion brand also want to have a qualitative product. He argued that marketing can bring people to be interested into a brand. However, they only buy its products if they are nice and with an appropriate quality. For fashion brands, *'today, a product at any level must achieve the correct balance between price, quality, creativity and wearability'* (Tungate 2012, page 207). He put forward the argument that this is the reason why it is not only about marketing but also the combination of brand identity, the story behind and its high quality. Brand management thus has to closely answer the questions of what makes one brand different from another. What attributes does the brand have that makes it special? What does the brand do better than competitors that offer similar products?

Conforming to White, Mathews, and Voorhees (2013) as the service industry became more dynamic, companies have the challenging task to quickly react on an ever changing consumer demand, while at the same time to maintain a consistent brand image. In today's omnichannel environment fashion brands have to consider how the quality of offline and

online experiences could potentially affect consumer perceptions of the brand. This is, according to White et al. (2013), especially when retailers are focused on leveraging channel operations to enhance consumer brand equity. Brand equity is defined as the additional value accrued because of the brand name and what it stands for. It reflects brand loyalty, perceived quality of the brand, brand awareness and brand association. White et al. (2013) emphasised that a strong brand association can lead to strong brand equity which is consequently displayed through consumer loyalty. As stated by White, Joseph-Mathews, and Voorhees (2013) the delivery of high service quality has a positive association to brand perception, both offline and online. Thus, both, offline and online service quality have direct, positive effect on brand equity. Therefore it is important for fashion companies to understand how online and offline perceptions of the consumers within an omnichannel environment may interact to the effect of brand perception. This is mainly due to the fact that consumers' recognition of the superiority of one brand through high quality service experiences influences the consumer to select the brand over a competing one.

It becomes clear that within a new environment of changing shopping behaviour, fashion brands have to build an efficient omnichannel management strategy to connect all distribution channels to accompany consumers during their buying process. Thereby, effective omnichannel brand management becomes an important factor in order to guarantee consumers a clear brand image across various channels. Ko and Megehee (2012) stressed that consumers not only wear a certain product to impress others, but also shop at specific locations to do so, thus within brand management also different distribution channels have to be analysed in detail. It becomes clear that brand management and marketing as well as the communication towards consumers play a decisive role when analysing omnichannel objectives and operational components such as cross-channel collaboration, integrated marketing, cross-channel consumer journeys, consumer relationship management, loyalty programs, in-store services and personalised marketing.

### **2.2.2. Distribution channels**

According to Zhang, Ren, Wang, and He (2018) in the digital era with an increasing number of channels retailers are operating, it becomes important to study and outline how to manage and operate multiple channels in order to provide competitive service to consumers. As outlined by Ailawadi and Farris (2017) distribution channels are used by retailers to offer their products to consumers while enhancing communication. Zhang et

al. (2018) stressed that traditionally retailing companies are aiming to reach different consumer segments with different preferences and needs by using specific advantages of each channel.

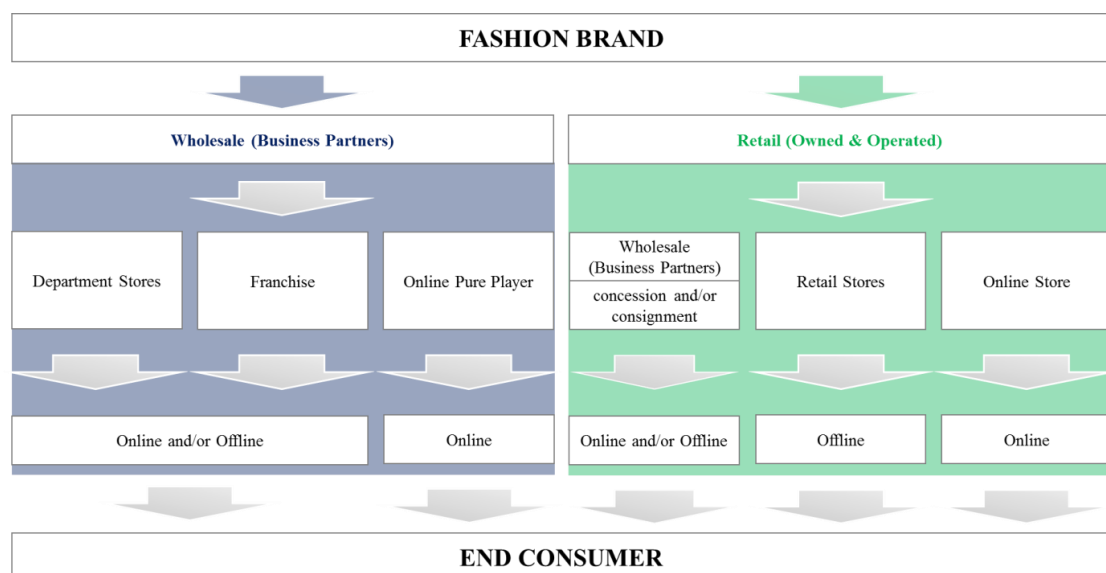
As described by Karray and Sique (2017) within the retail segment, manufacturers sell products through offline retail partners, while at the same time through their own websites. Gen and Mallik (2007) outlined that fashion manufacturers such as Polo Ralph Lauren distribute their products to the end consumer via independent retailers as well as via direct channels. That is why a manufacturer can be a supplier and at the same time a competitor for an independent retailer. According to Yan, Xiong, Chu, and Xiong (2018) this scenario pushes vertical competition, as channel members independently seek to maximise their own profits, as well as horizontal competition, which exerts competitive pressure in the fight for consumers. The complexity of distribution channels is ever evolving as offline-retailers start also selling online and vice versa. The development of channel configuration is just the beginning as more distribution channels develop. It becomes clear that before analysing omnichannel distribution and management, each distribution channel has to be understood in detail.

Ailawadi, et al. (2017) emphasised that moving towards omnichannel is not easy for traditional retailers, but for suppliers it is even more difficult because they do not only have to focus on integration within one organisation but across multiple independent firms. As outlined by Gen and Mallik (2007) omnichannel can lead to highly complex distribution situations. It is analysed that apparel manufacturers can distribute their products through independent department stores while at the same time through their own retail stores. So manufactures distribute their products to the end-consumers through their direct as well as through independent retail channels. Adding franchise, a fashion brand while acting as a franchisor acts simultaneously as a supplier and competitor to their franchisees. A manufacturer becomes a supplier and competitor of an independent retailer at the same time. But they are not only competing for consumers, but also for inventory. Yan et al. (2018) analysed that manufacturers can be a supplier and a direct competitor of its reseller partners, both at the same time. Karray and Sique (2017) analysed that today retailers sell both offline and online in addition to manufacturers' retail operations. The addition of retailers' online operations changes the dynamics of competition between all channel members, increasing the danger of channel cannibalisation, as consumers getting more and more opportunities to purchase the same product. Karray and Sique (2017) summarised that this new channel structure automatically creates channel conflicts. It is

emphasised that for marketing scholars and managers it becomes crucial to understand the interplay between channels members and their decisions.

Most fashion retail brands manage both business-to-business (B2B) as well as business-to-consumer (B2C) distribution channels. B2B channels are generally summarised under the wholesale business, whereas the retail business summaries all B2C channels. As stated by Jackson and Shaw (2009), B2C summarises all distribution channels with direct relationship between the brand and the end consumer of the fashion products. B2C business channels of fashion retail brands include directly operated retail stores, own-operated online brand stores and concession as well as consignment floors. By contrast, B2B refers to the commercial relationship of fashion retail brands and department stores, franchise partners and online pure players. All different distribution channels of fashion retail brands are summarised within Diagram 2.6.

Diagram 2.6: Fashion brand distribution channels



Source: Own representation based on Rosenbloom (2012)

To explain Diagram 2.6 in detail, the retail brand of Tommy Hilfiger can be named as a practical example. Tommy Hilfiger distributes its merchandise via the brick-and-mortar department stores of its wholesale partners, like El Corte Ingles in Madrid (Spain) or Macy's in New York (USA), among others. Moreover, as these business partners also manage online stores, Tommy Hilfiger is sold online under the wholesaler's webpage; for example, [www.elcorteingles.es](http://www.elcorteingles.es) or [www.macys.com](http://www.macys.com). In addition, Tommy Hilfiger manages numerous franchise agreements, whereby the brand allows wholesale partners to manage and operate Tommy Hilfiger brick-and-mortar retail stores, thus using the

brand's name and merchandise in return for a defined fee. Moreover, Tommy Hilfiger is selling its merchandise to online pure players such as Amazon or Zalando. Within all these distribution channels, the fashion brand of Tommy Hilfiger has no direct link to the end consumer and thus all channels named can be summarised under the wholesale or B2B business.

However, next to its B2B distribution channels, Tommy Hilfiger also manages retail operations, namely B2C distribution channels. These include owned and operated retail stores - either full price or outlet stores - in which all operations are in the hands of the brand itself. Moreover, the brand manages concession and consignment businesses, which are dedicated floors within the department store of a wholesale partner but managed by the brand itself. Thus, in most cases, although the floor belongs to the department store of the wholesale partner, Tommy Hilfiger is responsible for some or all activities such as buying, staffing and selling. The wholesale partner is compensated with a defined fee or rent. Next to these brick-and-mortar floors, Tommy Hilfiger also manages its own web shop, called Tommy.com. Here, the brand offers all of its merchandise online.

Department stores - which belong to the B2B business of retail brands, thus belonging to brands' wholesale partners - are described by Poloian (2013) as large-scale corporations that offer broad fashion assortments from various brands and thus in-depth merchandise. Thereby, each department store operates as a separate unit with multiple floors to present their goods, while merchandise offered is grouped in relation to similarity. One of the most usual ways of how fashion brands present their merchandise in department stores is by implementing branded concept shops, also known as shop-in-shop concepts. Thereby, a fashion retail brand has a defined and allocated area to present its merchandise. Furniture is unique, whereby the consumer gains a feeling of shopping at a brand's own retail store rather than within a department store. The branded concept stores also allow department stores to expand more quickly, as the concepts can be copied and pasted easily to fulfil a chain store expansion.

While operating with B2B partners, Poloian (2013) outlined that fashion retail brands also offer their merchandise via specialty retail stores. Being either owned and operated or via franchise contracts, they only sell the brand's products or featured merchandise to represent a standalone designer ID and thereby differentiate themselves from others. A fashion brand is able to narrow the consumer focus and its product assortment. Thus, the brand is not only able to provide the consumer an enhanced consumer service but also

build a brand environment that cannot be easily duplicated by competitors. Many designers build flagship stores to acknowledge their importance to the retailing community. In contrast to wholesale B2B operations, specialty stores are defined as a B2C business. Thus, retail brands manage all retail operations in-store by themselves. These retail operations intake responsibilities of merchandising, promotion, operations, finance, IT and HR.

Specialty stores can be further separated into full price and outlet business. Next to full price specialty retail stores - in which retail brands sell their goods and products at the original retail price - a further distribution channel are factory outlets. Within this channel, fashion retail brands sell closeouts, second and discontinued produces at off-price. Outlets have become a growing business for fashion retail brands all over the world. Thereby, outlets are most often clustered in malls together with brands of competing fashion companies. Whether department, specialty or outlet stores, the advantages and benefits of brick-and-mortar retail stores and thus a physical presence are branding possibilities, visual appeals and personalised consumer service. When analysing omnichannel strategies, it is important to take all advantages and possibilities as well as challenges and bottlenecks of each channel - whether off- or online - into close consideration.

Fashion brand's merchandise can be offered online via different channels. Most commonly fashion brands manage owned and operated online stores under their own name and control, such as [www.Tommy.com](http://www.Tommy.com). Besides department stores, such as Macy's sell fashion brand's products via their online web shop, like [www.macys.com](http://www.macys.com) or online pure-players, like Amazon and Zalando, use the e-commerce channel as their only distribution channel to sell fashion brands online. In some cases fashion brands use online B2B channels to manage online brand shops. Here fashion brands are responsible to manage a specific and definite space on a partner's webpage, being responsible for display pictures, conduct pricing, communicate marketing campaigns, etc. New models of online partnerships between fashion brands and business partners, be it department stores or online pure players, keep evolving as this distribution channel is fairly new.

### **2.3. The evolution of the fashion retail environment in the 21st century**

With the beginning of the new century, the internet Web 2.0 has changed our daily lives and thus especially our shopping behaviour. According to Deloitte LLP (2012) and Al Sambar (2013), despite 'brick-and-mortar' stores rather than 'click-and-order' stores remaining dominant in the consumer's choice of where to shop, online shopping has

become firmly established, whereby retailers strongly rely on the internet to direct traffic to their stores and additionally sell online. Moreover, as noted by Lessing (2013), the rapid spread of mobile devices such as smartphones and tablets has evolved the traditional e-commerce business to the so-called anywhere commerce: anything, anywhere, anytime. Mobile and tablet shopping continues to grow in terms of both traffic and revenue. Since its introduction in 2010, the global share of internet page views by tablets has increased to 10%. In relation to L2 Think Tank (2013), together with smart phones, 20% of all views on internet pages at present are made by mobile devices. Furthermore, conforming to Gedders, Williams, and Gutmann, (2014), in Britain and Germany 56% of all consumers in 2013 used mobile devices to inform themselves before the actual purchase. Accordingly, the growing online business and the digital evolution of anywhere-commerce has not only changed the competitive environment but most importantly the way in which people shop. As stated by Halbach and Eckstein (2013), consumers do not distinguish between channels; rather, they jump between off- and online distribution channels without pre-defining which one eventually to use. This challenges retailers to connect all distribution channels to an efficient, integrated and comprehensive strategy that accompanies consumers during their buying process, regardless of where they shop.

To understand how and in what way to adopt the new consumer shopping behaviour, retailers need to understand what caused this new retailing environment in detail. Within the discussion on the topic of omnichannel, it is argued that it is mainly pushed by one event and incident, which is the trend of digitalisation.

### **2.3.1. Digitalisation**

When it comes to the topic of digitalisation and new technologies in the special issue of the Journal of Retailing, Grewal et al. (2017) discussed the future of retailing and named technology as being a key focus area. This is because technological change is and will be a game changer. Grewal et al. (2017) argued that technology benefits retailers and consumer alike, as decisions can be made faster. Retailers are able to make more targeted and beneficial offers and they can help to increase efficiency and thus push profitability. As reported by De Faultrier (2014) consumers are engaged with the technological evolution in their environment and, as stated by Cassab and MacLachlan (2009) whilst shopping are satisfied when technology solves intensified needs, saves time or delivers performance. Grewal et al. (2017) raised the argument that technology can help retail companies to target appropriate consumers by better informed decision making on products and services.

Oh, Tep, and Sambamurthy (2012) outlined a positive impact of retail channel integration and the company's performance. In addition Oh et al. (2012) discovered the fact that companies aiming for channel integration need to ensure that their information system are able to provide a seamless data and process integration. Data must be accurate, consistent, current and complete across different channels. Moreover Von Briel (2018) outlined that as digitalisation is evolving at a rapid pace, companies struggle to do efficient decision making in which technology to invest. What is new today can be old tomorrow. Oh et al. (2012) emphasised that companies need to improve quality of IT infrastructure and ensure IT competency of their staff.

When talking about the development of the retail industry, several authors agree that digitalisation has revolutionised industries, businesses and corporations as well as traditional consumer behaviour in equal measure. Fetsch, Pretzel, and Gens (2015) argued that the digitalisation, its speed and the amount of data and information available is growing that fast than never before.

In the early-2000s when digitalisation reached the retailing segment, Dart and Lewis (2014) argued that this was an explosion in which technology empowered retailers and consumers. Niemeier, Zocchi and Catena (2013) described the new technology of the 21st century as a game changer. Moreover, Brook-Carter and Parsons (2014) outlined that due to digitalisation the consumer landscape - particularly for apparel and clothing - has changed once for all. Bones and Hammersley (2015) analysed that the retailing industry has finally changed from physical to digital, whereby this change forced by digital technology is irreversible. Thereby, it is argued that the first impact was of course e-commerce and the possibility to sell online. Bones and Hammersley (2015) outlined that from 1995 to 2013 the global online market grew from an estimated 16 million users to 3 billion. Thereby, around 2003, when large retailers and brands started to sell online - the e-commerce sector became stronger and much more important. Laseter and Rabinovich (2012) outlined that the online boom at the beginning of the 21st century was justified by the argument of the possibility of limitless shelf space and full price transparency. Fetsch et al. (2015) stated that online trading will continue to increase and that more and more product groups will find its way to be traded online.

Nevertheless, Laseter and Rabinovich (2012) stated that when selling online, merchandisers also have to select and offer the right products and present them effectively. They argued that e-commerce was over-rated by many start-ups, which brought the internet bubble burst when young companies started to recognise that good



retailing still requires having the right product and the right price, whereby effective execution within the physical business still matters. Despite this, as outlined by Dart and Lewis (2014), ten years later Amazon still pushes global expansion, Apple opens one retail store after the other, eBay is expanding its PayPal business to focus a close connection with consumers, Google is transforming the way in which retailers market to consumers and networking sites like Facebook, Instagram and Twitter have become a permanent feature of our daily lives.

Niemeier et al. (2013) argued that computing power, networking and data storage capacity are the three technological pillars that characterise the so-called new retailing digital era. They analysed three forcing trends that define this digital era of retailing, which they name as mobility, measurability and agility.

#### **2.3.1.1. M-Commerce**

As outlined by Sands, Ferraro, Campell, and Pallant (2016) m-commerce has been determined as the greatest area of retailing channel development. Thereby Sands et al. (2016) analysed mobile commerce as a popular retailing channel, as it combines simple but enhanced shopping experience combined with the ability to engage anytime anywhere. Grewal et al. (2017) put forward the argument that the introduction of the smartphone revolutionised shopping and changed consumer expectations and retailers ability to connect to consumers.

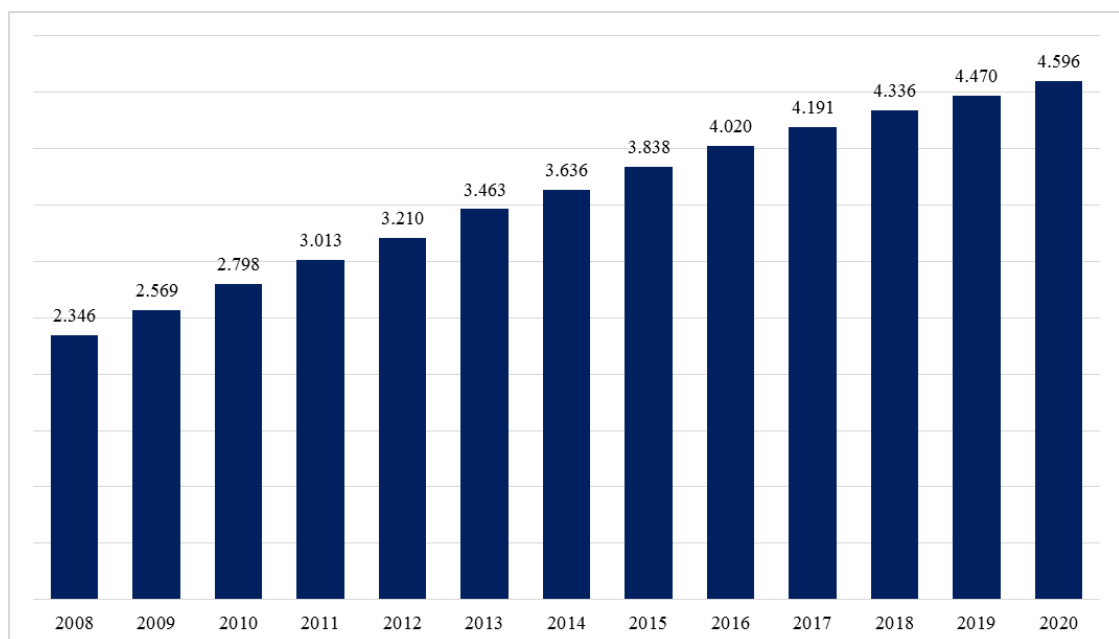
Faulds et al. (2018) argued that the use of mobile devices revolutionised the retail environment. Faulds et al. (2018) outlined that the increase of mobiles devices made shopping more continuous activity that requires retailing companies to more engage and interact with consumers than within the traditional retailing environment of the past. Sands et al. (2016) outlined that the mobile channel has quickly become an important retailing channel, as it offers consumers the ability to connect, engage and shop anywhere, anytime. In addition and according to Sands et al. (2016) the use of social media is ever increasing and that consumers are more likely to share and create content about products, services and brands.

Niemeier et al. (2013) described mobility as the phenomenon whereby the availability of technology is everywhere, whether in brick-in-mortar stores themselves, at home or on the go. The authors argued that with new technology consumers are able to make a purchase decision anywhere and anytime. Furthermore, Dart and Lewis (2014) outlined that with the invention of the smartphone mainly originating with the Apple's first iPhone

in 2007, this revolutionised the retailing landscape as smartphones are described as an empowering tool for both the consumer and respective industry. Dart and Lewis (2014) argued that with the invention of the smartphone, consumers have the possibility of unlimited and instantaneous internet access wherever, whenever and how often they want it. With unlimited and instantaneous access, Dart and Lewis (2014) stated that consumers hold control over the marketplace and become omnipotent, thus giving more power to consumers.

Moreover, this power is increasing with the spread of mobile devices. As reported by the GSMA Mobile Economy Report of 2015, at the end of 2014 half of the world's population had at least one mobile subscription, which results in a total number of 3.6 billion unique mobile subscribers. Furthermore, this development is not expected to stop. Diagram 2.7 outlines that by 2020 three-fifths of the global population will have a mobile subscription.

Diagram 2.7: Unique subscribers



Source: The Mobile Economy Report (2015)

Conforming to the Mobile Economy Report (2015) and looking at the mobile subscriber penetration by region, it becomes clear that the developed world is almost saturated. North America is covered with 70% and Europe even with 80% of unique subscribers. The major growth is expected in developing countries such as Asia Pacific, the Middle East and North Africa as well as Sub-Saharan Africa, in which penetration today lies between 39% and 52% only.

As reported by the Mobile Market Economy Report (2015), not only the numbers of subscribers is increasing, but also the quality of data transferring and a shift to mobile broadband. Mobile broadband connections - better known as 3G and 4G - already account for almost 40% of total connections. However, as analysed, this number will increase to a total of 70% by 2020. This relates to the greater availability and affordability of smartphones and deeper and more extensive network coverage around the globe. The report analysed that the 4G coverage has reached 90% of the population in the developed world, but only 15% in developing markets.

Moreover, within the analysis of the mobile economy, it is argued that due to the increasing proportion of higher speed connections the overall rate of smartphone adoption is accelerating equally. The analysis outlined that the smartphone adaption rate within Europe has a coverage of 51%, whereas in North America the coverage already reached a level of 70% in 2014. Within the report's expectations, smartphone adoption within the developed world will reach a 70-80% ceiling. Within developing countries, it is argued that due to the increased affordability of mobile devices, the adoption will reach 63% by 2020.

#### **2.3.1.2. M-Commerce convergence**

Niemeier et al. (2013) asserted that by combining multitude functionalities into a single handheld device, smartphones have become an accessory that most consumers have with them all of the time. Moreover, due to improving mobile performance and decreasing costs, innovation has not yet ended. One current trend is device convergence, which is described by Niemeier et al. (2013) as '...the combining of multiple information technologies and uses such as computing, communication networks and media content consumption into one device', thereby upgrading the smartphone into a multifunctional tool for digital commerce. Figure 2.4 shows different key services such as music, video or gaming, use cases such as reading, social media or guide maps, as well as current delivery platforms that - due to convergence - are combined within one mobile device.

Figure 2.4: The trend of convergence



Source: Own representation based on Convergence Catalyst (2012)

Within this trend of device convergence, Niemeier et al. (2013) identified five key enablers: faster mobile networks, cloud computing, sensor and scanning technology, near-field communication technology and personal geolocation. These improve and enable new applications and functions, e.g. communication and web service. An extract of the functions that can be seen in Table 2.2 proved the assortment by Niemeier et al. (2013) that mobile phones are turned into a multifunctional tool for commerce and thereby - as stated by Dart and Lewis (2014) - the consumer is converted into a super-consumer.

Table 2.2: Convergence at a glance

<b>Communication</b>	telephony, texting, e-mail, instant messaging & chat, web conferencing
<b>Web Services</b>	web searches, e-commerce, social networks, microblogs
<b>Sensing &amp; Scanning</b>	sound/voice recognition, bar code and QR cose scanning
<b>Commerce</b>	mobile payments via NFC, self-checkout, loyatly card management and reward redemption
<b>Geolocation</b>	mapping, route planning, geotagging, location-based interaction
<b>Media Capture</b>	photography, video recording, audio recording
<b>Media Consumption</b>	games, music, video
<b>Productivity</b>	document creation, editing, and sharing; storage and synchronization of files across devices; contact management

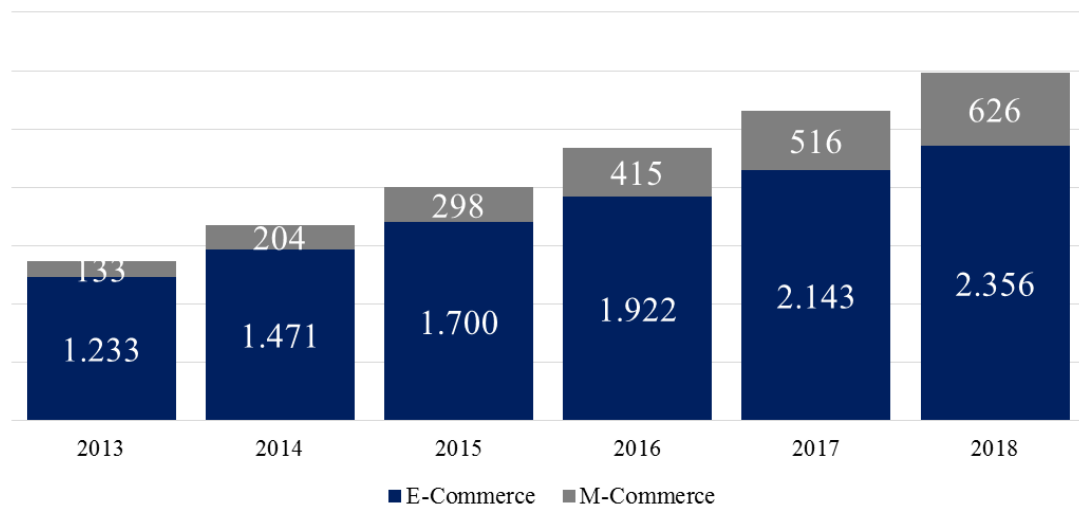
Source: Niemeier et al. (2013)

Cheaper, affordable smartphones, faster connections and an increasing number of different applications are extending mobile activity. This activity does not stop when it comes to mobile commerce. As the mobile economy report highlighted, consumers are able to do everything online while being on the go. Looking up product or service information, conducting price comparisons, downloading vouchers and deciding on delivery options are just some among many more. This is why digital commerce is achieving strong growth in almost every region of the world.

With mobile payment possibilities on the push, mobile commerce is expected to grow from a share of total digital commerce of 12% in 2014 to 21% in 2020. The momentum of mobile payment can be revealed especially when looking at the mobile payment services launched, including apple pay. Moreover, it is argued that this process will continue as innovation as well as the retailers' focus will further improve today's existing capabilities to a next level.

Diagram 2.8 highlights the growth of the global digital commerce market from 2013 to 2018. Having an overall value of 204 US\$ bn in 2014, mobile or M-commerce grow by over 300% up to 626 US\$ bn in 2018.

Diagram 2.8: Growth global digital commerce market in \$b



Source: The Mobile Economy Report (2015)

As stated by Fetsch et al. (2015) information and communication behaviour undergoes a sustainable change as smartphones and tablets are integrated within the consumer journey. Dahlhoff (2016) stated that especially mobile shopping will not only further increase its share of the overall online shopping revenue pie, but most probably will enlarge the pie itself. The shares of consumers frequently purchase via mobile devices increased from 30% in 2012 to 54% in 2015 support this argumentation.

### 2.3.1.3. Data analytics and consumer insights

Next to mobility, Niemeier et al. (2013) analysed measurability and agility as the forcing trends that define the digital era of retailing. They argued that the new era of digitalisation is evolving the possibilities of computer processing power, data storage and software developments even further. With the integration of in-store or mobile sensors, the capacity to move data quickly and in real time almost everywhere and the ability of retailers to process, analyse and act upon this data moves retail operations towards data analytics. New technologies - especially advanced analytic techniques - and the vast information and data available give retailers the possibility to measure almost everything. It is argued that due to digitalisation, an increasing number of activities in the value chain will be measured more accurately, including consumer behaviour.

The ability to measure almost every activity within the overall supply chain is backed up with what Niemeier et al. (2013) term agility. Today new innovations in computing, storage and networking systems offer new levels of agility to the business. Unlike in the past, when information systems often slowed down business progresses, today they push

the ability of retailers to change processes quickly to react fast and thus increase speed and thereby productivity.

Niemeier et al. (2013) summarised the advanced power of mobility, measurability and agility as follows: *'The advances in computing, networking and storage hardware and software make it possible to deliver data in new ways to mobile devices, measure all the activities in business processes, assess more accurately the behaviour of consumers and use disparate sources of data while scaling capacity up and down.'* (Niemeier et al. 2013, page 57)

Baker (2015) argued that digitalisation and the associated digital transformation that companies and industries have to undertake is the largest factor that businesses and organisations have to handle. As e-commerce, CRM or improved communications have offered companies access to new markets and growth opportunities, companies that do not follow the road of digital transformation will not survive. Dart and Lewis (2014) supported this argument by stating that digitalisation is changing the complete supply chain of retailers as the power of the internet and mobile devices push organisations to connect, watch, track and engage consumers with new high-tech experiences. It is argued that retailers have to adopt these new technologies and integrate them into their business strategies as otherwise those companies will disappear.

Blom, Lange, and Hess (2017) argued that by integrating and using consumer data, retailers are able to do smarter decision making in terms of omnichannel investment and shopping experiences. Also von Briel (2018) argued that in future retailers need to identify consumers and to know their shopping history and preferences in order to offer customised and personalised offering. Only when establishing a holistic view on the consumer enables retailer to tailor offerings and seamlessly integrate all channels into one omnichannel experience. Grewal et al. (2017) outlined that retailers today have the opportunity to collect various data such as transactional data, environmental data and consumer data. Effective insights generate better predictions about consumer behaviour. Thus big data can help to generate efficient decision making and lift profitability. As outlined by Grewal et al. (2017) there are different dimensions of big data such as consumer, product, location, time, and channel. All insights can be used by retailers to strategically optimise its offerings to increase sales and profitability. Cao and Li (2015) outlined that by collecting consumer insights, retailers are able to provide personalisation. Von Briel (2018) argued that moreover consumers will demand and expect and increasing real-time personalised connection between channels.

Griva, Bardaki, Pramadari, and Papakirikopoulos (2018) outlined that today retailers want to intake a consumer-centric approach and find new ways to understand their consumers better. Collected consumer-data, data-driven decision-making and business analytics tools and techniques are focused. In relation to Griva et al. (2018) retailers aim to analyse and understand consumer shopping patterns in order to offer tailor made products and services. In this respect consumer segments are used in order to track and understand shopping purchases of specific consumer groups. Understanding different consumer groups help to understand specific needs and preferences in order to offer specific and tailored services. Different data set, such as demographic, geographic, attitudinal, sales and behavioural data can help companies to divide consumers into groups on the basis of common attributes. According to De-Keyser, Schepers, and Konus (2015) different channels can be segmented into channel used mainly for information search and those used for purchases. However as outlined by De-Keyser et al. (2015) most consumers use a variety of channel interchangeably during they shopping process.

#### **2.3.1.4. Social media**

Conforming to Pozza (2014) consumers deal with an organisation through different channels. Those are traditional brick-and-mortar retail stores or online webshops. However through social media, such as Facebook and Twitter, consumers look for information about products, make purchases, complains or ask for consumer service. Companies need to provide its consumers with new channels in order to stay in touch. Pozza (2014) argued that companies have to communicate through all touchpoints and channels, including social media, in order to provide superior consumer value, increase consumer satisfaction and strengthening loyalty. It is argued that social media has established as a new way in which companies can connect with its consumers. Retailers have to incorporate social media within their strategy tools and integrate them within their existing distribution and information channels.

According to Hettler (2010), social media can be defined as personal interactive created and issued posts that are sent to a selected virtual community in the form of texts, pictures, videos and/or audio files. Thereby, social media supports the communication between online communities. Heymann-Reder (2011) pointed out that social media are internet platforms in which users can interact and communicate with each other by using many multimedia formats like photos, videos, music, voice, etc. Hettler (2010) emphasised that thereby the communication can be one-to-one (1:1) or one-to-many (1:n), as well as promoting a new communication set-up known as many-to-many (n:n) communication.



Moreover, Hettler (2010) stated that social media is not a trend but rather an integrated part of today's life, obtaining many different information and communication channels.

Haderlein (2010) outlined that digital technology from smartphones to social networks takes charge and directs online and offline communication. Social media like Twitter, interactive shopping partners, search engines or maps support the on-site shopping experience. Lax and Mau (2013) argued that by offering link, search, personalisation and interaction capabilities, location-based services are increasingly integrated by companies and used by a growing number of consumers. The authors put forward the argument that this development has been driven by social media services such as blogs, search engines and social bookmark sites like Facebook, Twitter, etc. It is argued that social media has evolved to become a standard in communication during recent years. Digitalisation and the associated development of mobile devices such as smartphones, tablets and ultra-books support these online services and thereby the increasing communication/networking between companies, its brands and consumers. Lax and Mau (2013) argued that brand communication has been taken to a new level accordingly.

Additionally, Steimel, Gentsch and Dimitrova (2012) argued that during recent years the retailing sector has had to face new conditions such as technical progress, changes in the competitive environment and economic pressure. Moreover, it is argued that especially brick-and-mortar retail stores need to differentiate to receive attention and thus remain successful. Furthermore, Steimel et al. (2012) argued that due to the process of concentration within the retailing industry pressure on selling-space productivity, CRM and consumer loyalty is constantly increasing. The strong price sensitivity of consumers in Europe - strengthened by digital price comparison possibilities - has led to increasingly informed consumers who also perceive online shopping as a valid alternative. It is argued that consumers have already become used to shopping online and they use their smartphones or mobile devices for shopping assistance, anywhere and anytime. Additionally, Steimel et al. (2012) argued that fewer people trust traditional advertising but rather increasingly inform and look at opinions of people in the network. Consequently, companies are faced with losing their full influence and sovereignty over their brand experience. Dahlhoff (2016) put forward the argument that especially social media, although still trying to find its way to drive online purchasing, has become already one of the greatest influencers on consumers shopping decisions. Dahlhoff (2016) analysed that 45% of consumers said that reading reviews, comments and feedback in social media influences their buying decision and thus their overall shopping behaviour.

Marsden and Kotzè (2013) outlined that due to digitalisation and the changing technical environment, consumers show a new shopping behaviour, which the author described as SoLoMo (Social local mobile). Marsden and Kotzè (2013) analysed that consumers use the capabilities of the social web context in combination with location-sensitive apps to find and shop products while gathering and sharing product information about it with others. It is argued that thereby consumers are able to engage in much smarter decision making, while there is also a greater opportunity for the retail industry, which can use this information accordingly. Grimm (2011) stressed that retailers have the possibility to research data on consumer reviews, comments and feedback anytime and real-time.

#### **2.3.1.5. In-store technology**

The trend of digitalisation does not stop outside the traditional brick-and-mortar retail store. If anything it pushes technology integration with retail setting. As stated by Kent, Dennis, Blasquez, and Brakus (2015) numerous technologies, although they did not originate in the retail segment, affected the overall retail management of today and will do so in future. As innovation and the digitalisation will continue, it becomes nearly impossible to forecast or predict how the retail environment will look like in mid-term five to ten years' time.

Kent et al. (2015) argued that by adopting innovative technologies, also in-store, retailers are able to gain competitive advantage. It is outlined, that especially focusing on social interactions and new consumer experiences, enhanced by new technologies, will drive the retail business of tomorrow. Within the author's analysis it is emphasised, that the competitive advantage is no longer size, but the retailer's ability to be innovative, flexible and be able to use technologies better than competing companies. In addition Kent et al. (2015) put forward the argument that new technologies are able to provide retailers with useful consumer insights, enabling them to predict market trends and demand, customise offerings and individual personal marketing campaigns.

When it comes to in-store technologies, it is argued, that they are able and can be used to replace tasks of store staff as the e.g. the payment process by the introduction of automatic cash systems, but can also aim to improve the interaction between sales staff and visitors in store. Kent et al. (2015) put forward the argument that in-store technologies are not only able to decrease operating costs, but at the same to improve the consumer experience towards a holistic and integrated omnichannel consumer journey. A positive consumer experience creates attention and builds a strong consumer relationship.

Kent et al. (2015) stated, that many interactive systems have been implemented and tested in traditional brick-and-mortar point of sales. Those include self-service technologies, like self-check-out systems, touch screen displays, mobile applications, intelligent shopping trolleys equipped with RFID, displays showing product information and promotions, to name just a few.

Charlton (2014) argued that in-store technology can be used for various reasons, including the enhancement of in-store CRM and to improve consumer experience. There are numerous examples of in-store technologies and as innovation never stops, the list gets even longer over time.

Charlton (2014) listed several in-store technologies, including virtual mannequins, dressed in the garments selected by consumers; smartphone access to product information and mobile payment via NFC technology; browse and order hubs, enabling consumers to browse a virtual catalogue, scan barcodes and explore product information; interactive video walls, presenting marketing campaigns, product details and links to social media platforms; magic mirrors, located in dressing-rooms, being able to select different items to create different looks virtually, dressing the consumers without jumping in and out the merchandise itself; iBeacons, alerting consumers entering a store on their mobile device via the push message; in-store ordering and check out terminals; virtual reality shopping windows and RFID, enabling consumers to check out themselves.

The traditional in-store consumer journey gets a new digital experience. Visual search, virtual fitting, digital services, availability check, RFID, smart fitting rooms, beacons, click and collect, text services, in-store online order, customisation, mobile payment, all are and will change the retail landscape of today. Anders (2016) argued that retail technologies are focused on making life easier for the consumers. The author put forward the argument that return-on-investments (ROI) stays an important factor when deploying in-store technologies, but at the same time enable to improve consumer satisfaction. RFID, inventory software, beacons, e-gifting, easier store pickup, faster delivery, visual product search, magic mirrors and smart fitting rooms are the 8 retail technologies to watch in 2016, Anders (2016) outlined.

However, according to Kent et al. (2015) introducing these technologies also intake some risks. In-store technologies have the risk of the uncertainty of consumer perception and adoption, they cause high investment costs, implementation phases are often time consuming and increase the complexity in operational processes. Moreover the

obsolescence of technology and the refit and change in store layouts not only holds the threat of investments with low ROI, but also changes the atmosphere within a store and thus the consumer perception of a brand. Kent et al. (2015) emphasised that retailers have to find efficient management strategies for successfully absorbing the possibilities provided by these technologies. It is important to understand how consumers accept and interact with new technologies in order to develop efficient strategies, processes and systems.

Brook-Carter and Parsons (2014) emphasised that digitalisation has also hit fashion retail brands and thereby especially the consumer behaviour and approaches to fashion shopping. Within the following chapter, this research aims to outline how and in what way digitalisation has changed the shopping behaviour of fashion consumers, before analysing changes and challenges of digitalisation for fashion retail brands in detail.

### **2.3.2. Consumer behaviour**

Conforming to Pookulangara, Hawley, and Yiao (2011) the retail industry is heavily effected by changing consumer behaviour. Consumers become more proactive when shopping and more selective about with whom to buy products and services. What is more consumers are better educated about products and communication with their peers about the value of a brand or company, its services and products online established. In addition they are quick to migrate to different channels or brands if they are not happy with the current one.

Hsiao, Yen, and Li (2012) discovered in their research that pragmatism and enjoyment are the most important values consumers pursue in a omnichannel shopping environment. Pragmatism includes the saving of money, time and effort, whereas enjoyment stands for the joyful feeling which arises if something comes beneficial to consumers. Last but not least consumers seek the value of freedom which reflects that omnichannel consumers expect to be free to make their purchases without any restraints and under personal control.

As outlined by Dennis, Alamanos, Papagiannidis, and Bourlakis (2016) researchers have been aware that shopping is not just about obtaining tangible products, but also about enjoyment and socialising, which can positively contribute to consumer's well-being. Dennis et al. (2016) discovered that the positive influence of time spent shopping on happiness and well-being, is extending from traditional store shopping to online mobile shopping. Dennis et al. (2016) identified that for consumers shopping provides an

opportunity to escape from social reality and to feel connected. Thereby mobile shopping takes in a similar social role than the physical shopping in store. Dennis et al. (2016) emphasised that managers need to recognise the increasing role of omnichannel, particularly mobile retailing and the need to invest in relevant infrastructures. Despite the increasing importance of mobile shopping, Konus et al. (2008) outlined that retailers pursuing the store-focused segment have to improve the store experience by enhancing shopping enjoyment, as shopping becomes entertainment.

Rodriguez-Torrico, Cabezudo, and San-Martin (2017) analysed that as technology advances, consumers are using an increasingly wider range of devices when shopping such as smartphones. Today mobile devices are involved in almost 70% of buying processes. The nature of mobile devices, their size and physical characteristics, allow consumers to search and shop anywhere and at any time. That is why, in relation to Park and Lee (2017), consumer behaviour has changed beyond the dimensions of time and space. Especially mobile channel adoption in retailing business changes consumer purchase behaviour. Also Verhoef et al. (2015) put forward the argument that consumer behaviour has changed with the increase of the internet and an ongoing trend of digitalisation. Konus et al. (2008) emphasised that the big and still growing consumer segment of omnichannel enthusiasts, is using multiple channels during their shopping process.

As outlined by Sands et al. (2016) consumers want to decide at each stage of the shopping journey which company to interact with and which channel to use. Consumer behaviour is changing towards an increasingly use of multiple sources and channels during the consumers' shopping journey. Von Briel (2018) outlined that consumers already interact with retailers via multiple channels and that they expect these channels to be connected and integrated. Consumers want to use multiple channels for product search, purchase, and after sales services. In future it will be the consumer who decides when and how to interact with a retailer and not the other way round. At the same time retailers have to fulfil consumer needs in order to stay relevant. Grewal et al. (2017) summarised that innovations changed consumer behaviour and that retailers need to find ways to engage with consumers while at the same time to find new retailing strategies to make consumers' lives easier.

As stated by KPMG (2012), online information gathering becomes increasingly important for consumers worldwide as mobile devices within the overall shopping journey have become established. Mindtree Ltd. (2015) stated that due to the internet and the growing

adoption of mobile devices, consumers are able to access more information about products, services, reviews and trends than ever before. Additionally shoppers get connected changing and raising their shopping expectations on retail brands. It is argued that due to today's connected consumer, demand discovers supply rather than within the old retail paradigm, supply meets demand.

RegioPlan Consulting GmbH (2014) went further by arguing that the digitalisation changed consumer behaviour, putting the retail business and management under pressure for change. Digitalisation results changing consumer behaviour and forces structural changes in the whole retailing landscape. Booz and Company (2012) resumed that an increasing number of consumers are demanding far richer retail environments than ever before, using multiple digital channels for information gathering, evaluating and comparing products as well as conducting the final purchase.

Gedders et al. (2014) stated that consumers aim to inform themselves and purchase goods everywhere: online, offline, from mobile devices to traditional brick-and-mortar stores. Chassaing, DiGrande, Field, and Rose (2013) also put forward the argument that consumers continue to inform themselves and purchase online and increasingly on their smartphones and tablets.

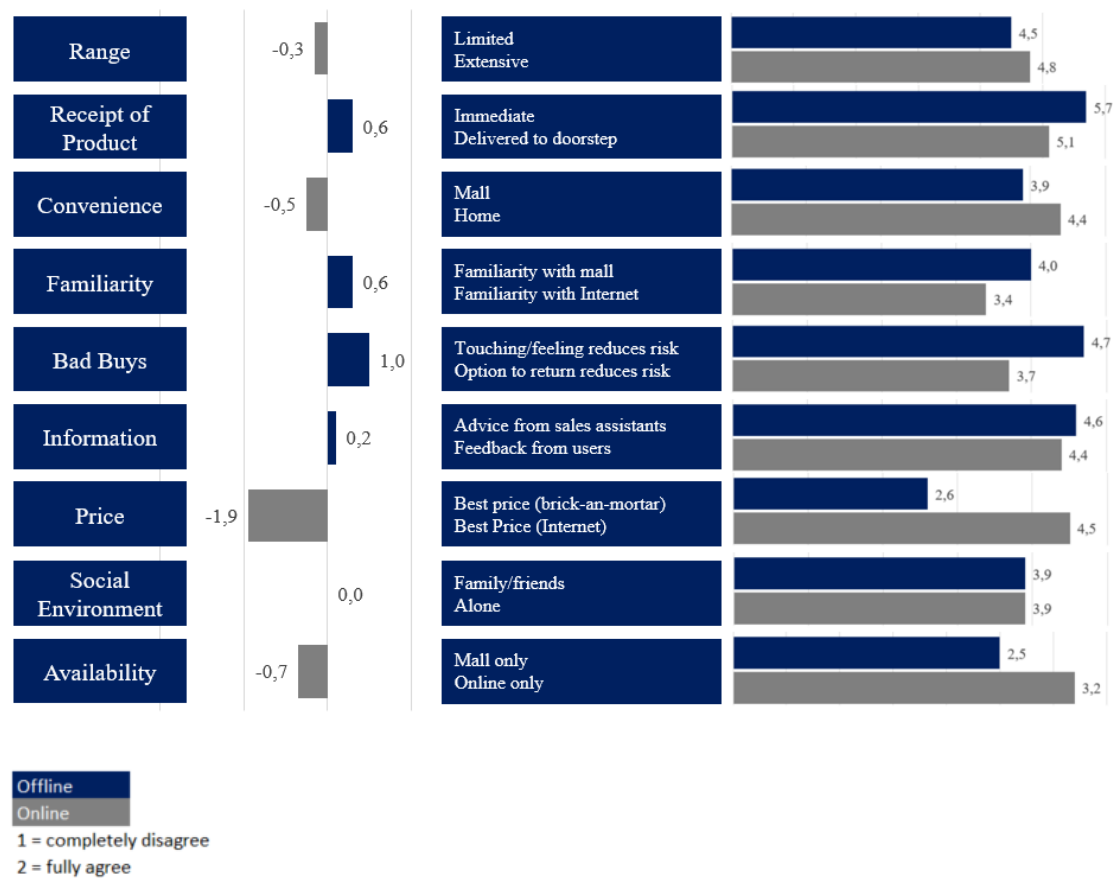
Mindtree Ltd. (2015) outlined that consumers interact with various media and devices to find what they want. Thereby they become more sophisticated in their expectations. It is argued that shoppers want more information, be it in-store or online, they want to take advantage of in-store technology and are willing to share personal information, but not via social media platforms and are willing to spend more as soon as they obtain a remarkable shopping experience. Thereby, it is stated that consumers expect companies to be present in all sectors and channels to provide the ability to research products and services and compare prices and options everywhere. In this regard Fetsch et al. (2015) put forward the argument that the reasons for consumer to search and purchase products in one specific channel are changing and that the key trend of offline and online distribution channels to merge within the purchasing process will continue.

Furthermore, according to Lax and Mau (2013), due to the evolution of the internet and an ever-increasing transparency of offerings, consumers become increasingly price-sensitive. As reported by Cassab and MacLachlan (2009), consumers increasingly search for omnichannel services, which create a significant challenge for retailing organisation to interface omnichannel options within their overall strategy.

Moreover, according to Viereck and Grebe's (2013) study on consumer behaviour, consumers switch from channel to channel by purpose. This is the case because consumers want to satisfy all of their different individual needs, from shopping convenience, price search and interaction to emotional experiences with a certain brand. This becomes evident as stated by the omnichannel study of eBay (2014) 33% of all consumers already shop omnichannel, meaning purchasing offline before having informed themselves online or vice versa. Additionally, In relation to Halbach and Eckstein (2013), 32% of all purchases in traditional brick-and-mortar stores have been prepared online before, which account for 50% of total sales within the stationary retail business. Overall, according to Piercy (2012), purchasing behaviour across traditional retail and internet channels becomes increasingly integrated. Bloching, Otto, Luck, Kötter, Kiene and Franke (2013) analysed that although brick-and-mortar retail generate a higher sales volume than online shops, online retailing is still growing.

According to Bloching et al. (2013), the motives for choosing one channel over another are multiple. During his survey he analysed - as shown in Diagram 2.9 - that the major reasons why consumers prefer buying online are mainly convenience, price and availability.

Diagram: 2.9: What consumers really want – motives for making purchases offline versus online (mean values)



Source: Bloching et al. (2013)

This argument is supported by Viereck and Grebe (2013), outlining additional reasons why consumers prefer purchasing online. He analysed four major reasons, namely the possibility: a) for consumers to read product ratings of other consumers; b) to filter and sort their internet research according to various criteria; c) to ask questions to other consumers; and d) convert numerous offered online coupons. In a market survey Fetsch et al. (2015) found out that although the price of a product is still the decisive factor, high quality and brand experience are equally important.

By analysing consumer behaviour Fetsch et al. (2015) found out the most important factors for consumers before and during their purchase. Before the purchase consumers look for detailed information on the product and the brand itself, they are interested in environmental sustainability as well as experience reports from friends and family. Consumers more and more search for information independent from the company such as product test reports or experience reports from other consumers and possibilities of price comparison. With CRM on the move, consumers see personalisation, personal



marketing and communication with the brand or social media as other important factors before the purchase. During their shopping journey consumers ask for and reward secure order and payment possibilities, availability of the product, the possibility of flexible and spontaneous purchases, a high service level and contact to other people. Discovering the touch and feel of the product is still an important factor as well as home delivery and personalised after-sales services. That is why retailers have to know their consumers in order to address each consumer segment specifically, as different consumers in different markets and segments ask for different services.

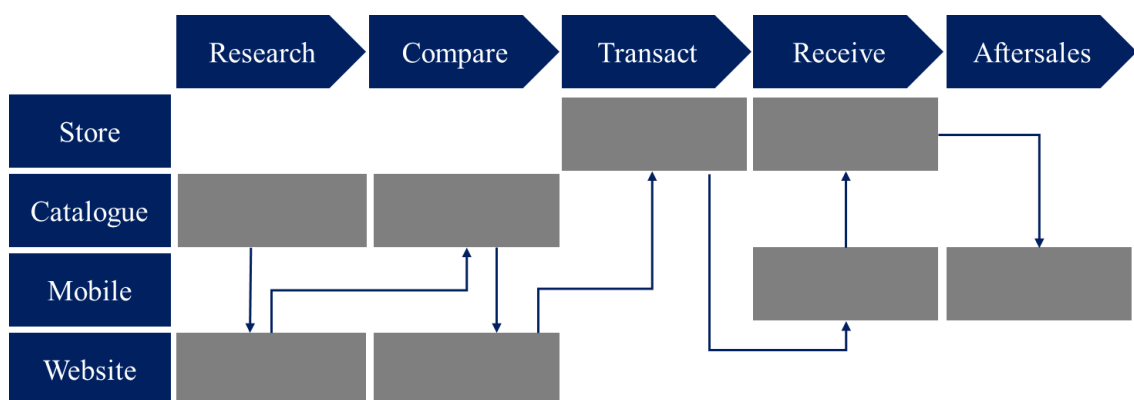
As stated by Hudson (2011), online shopping has increased the options within the purchasing process and changed the traditional purchasing process to what is known today as channel hopping. Rodriguez-Torrico et al. (2017) outlined that shoppers use both online and offline channels in their decision making process in order to explore and find the best option. Consumers use many channels simultaneously during all phases of the shopping process. The operational and strategic separation of physical and digital channels leads to inefficiency since consumers access them interchangeably and expect to find the same product, services, conditions and attention. An increasingly widespread consumer practice today already is to use online channels, via e.g. their mobile devices within the offline channel, in store. As outlined by Verhoef, Neslin, and Vroomen (2007) the presence of omnichannel consumers presents several challenges. One of these is that the company may lose consumers in the course of the shopping process once they do not integrate all of their online and offline channels.

Sands et al. (2016) analysed that a large number of consumer are using a large variety of channels interchangeably during their shopping process. Thereby some consumers use the internet or mobile device to obtain information before buying in store. Sands et al. (2016) put it straight by saying that through the existence of multiple channels, consumer behaviour has changed tremendously. In that respect today, also mobile and social media channels are a part of the shopping and buying process already. Also Hall and Towers (2017) found out that shoppers use different channels and technologies during their shopping journey. In addition Hall and Towers (2017) stated that shoppers may use different channels and that in consequence most parts of each shopper's journey is unknown. Verhoef et al. (2015) outlined that within an omnichannel retailing environment different channels are interchangeably and seamlessly used without any chance for companies to control this usage. Sands et al. (2016) argued that consumers use different channels according to its relative strengths and for different purposes during

their shopping process. Also Sands et al. (2016) examined the consumer preference to use multiple channels across their shopping process.

Hudson (2011) put forward the argument that consumers want to discover all advantages of all distribution channels and thus switch from channel to channel during their purchasing process. As shown in Diagram 2.10, within the processes of research, compare, transact, receive and aftersales, consumers today use different channel combinations. Hannich, Crowden and Wüthrich (2013) put forward the argument that most consumers do not buy offline or online, but use different distribution channels in favour of their current situation. Fetsch et al.'s (2015) survey on consumer behaviour found out that consumers use the distribution channel which is most convenient on the consumers' current situation. In addition they use more than one channel during their shopping trip for one product or service, thus they become channel hoppers.

Diagram 2.10: Channel hopping – consumer journey

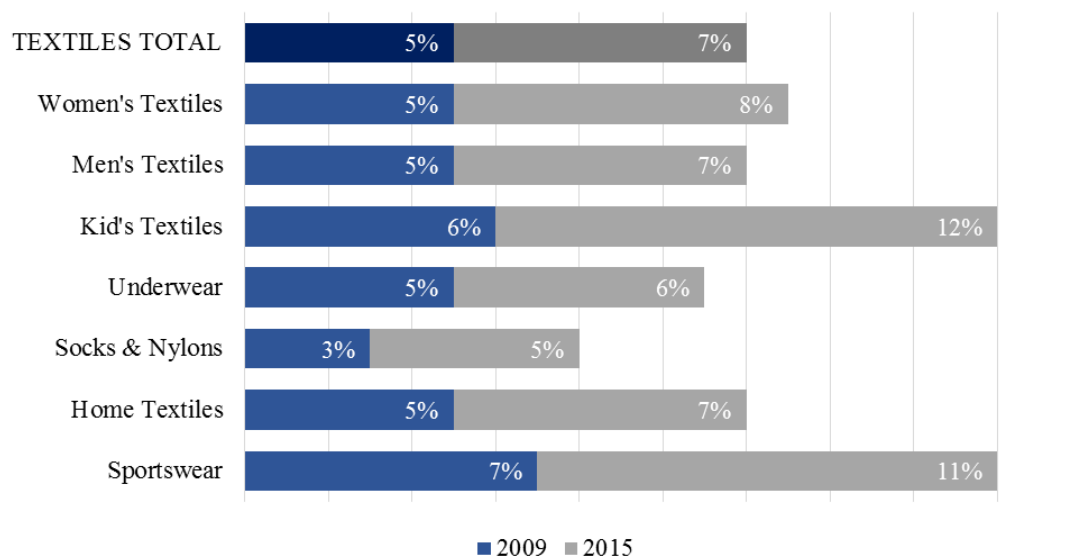


Source: Hudson (2011)

Hannich, Crowden, and Wüthrich (2013) put forward the argument that consumers handle different transactions during their consumer journey in different channels. It is argued that this is not an upcoming trend, but that consumers switch between channels already, thus has to be seen as an integrated process within the consumer journey. It is emphasised that consumers want to benefit from all distribution channels and expect a seamless and integrated offline and an online shopping experience.

According to Rinnebach, Diekmann, and Schwarzl (2014), this changing consumer purchasing process will also affect the fashion apparel industry. As shown in Diagram 2.11, the share of so-called 'multichannel purchases' will increase up to 12% of the overall purchases in the fashion apparel industry in 2015.

Diagram 2.11: Projected share of turnover if multichannel textile trade 2015



Source: Rinnebach et al. (2014)

### 2.3.3. Omnichannel retail

Von Briel (2018) emphasised that the retailing industry undergoes rapid and significant transformational changes and that companies need to adapt continually in order to survive in the market. That is why research on omnichannel retailing is important both for researchers and practitioners. Von Briel (2018) argued that digitalisation and new technologies are a major force of the industry's transformation towards omnichannel. Von Briel (2018) put forward the argument that the internet and the ongoing evolution of digitalisation and a changing consumer behaviour had led to the emergence of new purely online retailers, such as Amazon, and to the transformation of traditional bricks-and-mortar into omnichannel retailers.

In addition Grewal et al. (2017) outlined that the retail landscape is changing rapidly and that it becomes vital for retailers to understand the new retailing era in which innovations, such as new technologies, business models, and big data and predictive analytics evolve retail today and in future. Beck and Rygl (2015) argued that shopping via multiple channels is rapidly growing and that consumers use various devices anywhere and anytime. At the same time Beck and Rygl (2015) argued that a seamless purchase process across channels is not yet current reality as retailers face bigger constraints and difficulties in channel integration and decentralised organisations. Also Hosseini et al. (2017) said that digital technologies, especially mobile devices and social media, changed retailing fundamentally, as today consumers want and can decide on their own on when, where

and how to interact with retailers during their shopping process. Galipoglu et al. (2018) described the integration of the physical and virtual world as one of the most significant changes in today's retailing. Von Briel (2018) summarised that while the last decades were characterised by the emergence of new channels, following decades will be characterised by how the industry and companies will integrate these and other channels into a single and seamless omnichannel consumer experience.

Having outlined before, retailing has entered an era in which consumers demand and expect retailers to be able to offer a shopping experience across different channels, delivered seamlessly across in-store, online and mobile. It is argued that it becomes critical for retailers to adopt digitalisation and a changing consumer behaviour in order to remain being competitive and survive in a hard-fought market environment. Winkelmann (2012) outlined that retailers have to respond to the new digital consumer base, by creating a seamless online and offline strategy that integrates consumers shopping experience across all channels, be it portals, apps or retail channels. As a consequence it is argued that an omnichannel strategy, its creation, implementation and management is without any alternative.

With a changing consumer shopping experience, Strugatz (2015) argued that retailers have to bring online and offline operations together in order to offer its consumers a seamless shopping experience. Thus they cannot separate their businesses in terms of web, mobile or in-store anymore but to focus on an integrated distribution strategy. Mindtree Ltd. (2015) addressed that today's consumers interact with various media during their shopping journey. Therefore retailers have to pursue consumers across all media, devices and channels and to offer a remarkable experience to be there in any critical moment during the consumer journey.

What is more, Hannich et al. (2013) outlined that with the merge of online and offline consumer journeys, new shopping experiences occur. Consumers have all freedom to decide which channel eventually to use, retailers have to connect their distribution channels in order to generate an added value.

Gedders et al. (2014) defined the connection of stationary brick-and-mortar retail business with e-commerce, mobile apps and social media interaction as omnichannel retail. An omnichannel distribution is defined as an integration of all distribution channels, be it in-store, online or via mobile devices, in order to offer consumers a seamless and flexible shopping experience. With the extension of digitalisation offline and online channels

become mutually dependent. The overall aim of omnichannel retail is to create a seamless shopping experience for a consumer that enables them to focus on a brand rather than on a distribution channel. That becomes essential as consumers do not see different channels, but a brand as a whole.

#### **2.3.3.1. From single- to omnichannel retail**

Shen et al. (2018) argued that channel integration and a seamless consumer experience builds the fundament of omnichannel retail and that it stands in comparison to the traditional multichannel strategy. During the past decade the variety and sophistication of retail channels grew, evolving consumer behaviour and creating new implications for retail business models. In this context Sands et al. (2016) outlined that multichannel retail reached a new phase, pushed by challenges associated with an ongoing digitalisation. In this respect mobile and social media growth forces companies to integrate both within their online and offline retailing models.

In addition Verhoef et al. (2015) put forward the argument that retailing changed dramatically during the last decades pushed by online and an ongoing digitalisation. Thereby the retailing landscape moved into a new era, due to the integration of mobile channels, and social media. It is argued that retailing is moving from a multichannel to an omnichannel retailing model, in which new digital and mobile channels especially, changed consumer behaviour. In this respect it is argued that in comparison to multichannel, omnichannel comprises more channels with borders between channels to disappear, which affects companies to rethink its competitive strategies. Verhoef et al. (2015) summarised main differences of multi- versus omnichannel, illustrated in Table 2.3.

Table 2.3: Multi- versus omnichannel V1

	Multichannel	Omnichannel
Channel Focus	Interactive channels only	Interactive and mass-communication channels
Channel Scope	Retail channels: store, online website, and direct marketing	Retail channels: store, online website, and direct marketing, mobile channels, social media consumer touchpoints
Separation of Channels	Separate channels with no overlap	Integrated channels providing seamless experiences
Relationship Focus	Consumer, retail	Consumer, retail, channel, brand
Channel Management	Per channel	Cross-channel
Objectives	Channel objectives	Cross channel objectives

Source: Verhoef et al. (2015)

In addition Park and Lee (2017) outlined that recent diffusion of smart devices and emerging mobile technologies fostered changes in technology and social environments, devising new forms of interactive communication channels. Thus the retailing paradigm is shifting from multichannel to omnichannel retailing environment. Park and Lee (2017) argued that due to the advent of the smartphone era and the diffusion of the mobile channel, it is expected to yield the collapse of barriers between traditional retailing channels and brand-new online retailing channels. With the proliferation of smart devices, businesses face omnichannel retailing which emphasise the importance of consumer experience across multiple channels. While multichannel focuses on the issue of online and offline channel, omnichannel covers more channels, including not only smartphones, tablets, but also traditional mass-communication channels, such as TV. Conforming to Sands et al. (2016) social media undergo a rapid rise in popularity and developed towards a strong retailing channel. Time spending on social media is ever increasing, while engaged consumers create and share product and brand content as well as service experiences. In the perspective of retailers, multichannel research focuses on the sales per channel, while omnichannel on the total sales.

Ailawadi and Farris (2017) defined multichannel as the management of different channels independently whereas omnichannel focuses on the integration across channels to correspond to how the consumers shop. Thereby Ailawadi and Farris (2017) stressed that omnichannel does not only encompass the channels consumers shop, but also those of communication and interaction. Von Briel (2018) argued that research on multichannel

retail typically compares individual channels, but omnichannel retail in contrast focuses on the integration of separate channels into a seamless consumer experience. Also Shen et al. (2018) outlined that the concept of omnichannel evolved from multichannel, by focusing on an integrated, seamless and consistent channel appearance. Shen et al. (2018) argued that it becomes important to describe the fundamentals and differences between multi- and omnichannel in order to analyse its channel practices. Shen et al. (2018) summarised main differences of multi- versus omnichannel, illustrated in Table 2.4.

Table 2.4: Multi- versus omnichannel V2

	Multichannel	Omnichannel
Definition	A siloed approach that operates channels and independent entities	A unified approach that manages channels as intermingled touch points allow consumer to have a seamless experience within an ecosystem
Channel Characteristics	Coexistence of several channels, considered as separate and in and competition	Informational and transactional touchpoints are integrated within a unified channel to allow a seamless consumer experience
Channel Scope	Store, website, mobile	Store, website, mobile, social media and all other consumer touchpoints
Channel Integration	No switching between channels	Seamless switching among all channels and touchpoints
Channel Management	Management of the channels and consumer touchpoints geared towards optimising the experience with each channel	Synergetic management of the channels and consumer touchpoints geared towards optimising the holistic experience
Data	Data are not shared across channels	Data are shared across all channels
Channel Goals	Sales per channel, experience per channel	All channels and touchpoints work together to offer a holistic consumer experience
Consumer	Perceived interaction with the channel. No possibility of triggering interaction. Use channels in parallel	Perceived interaction with the brand. Can trigger full interaction. Use channel simultaneously
Retailers	No possibility of controlling integration of all channels	Control full integration of all channels
Sales People	Do not adapt selling behavior	Adapt selling behavior using different arguments depending on each consumer's needs and knowledge of the product

Source: Shen et al. (2018)

Also Zhang et al. (2018) explained omnichannel retail to be developed from multichannel retail, with key differences on various aspects, including its objectives, operations and



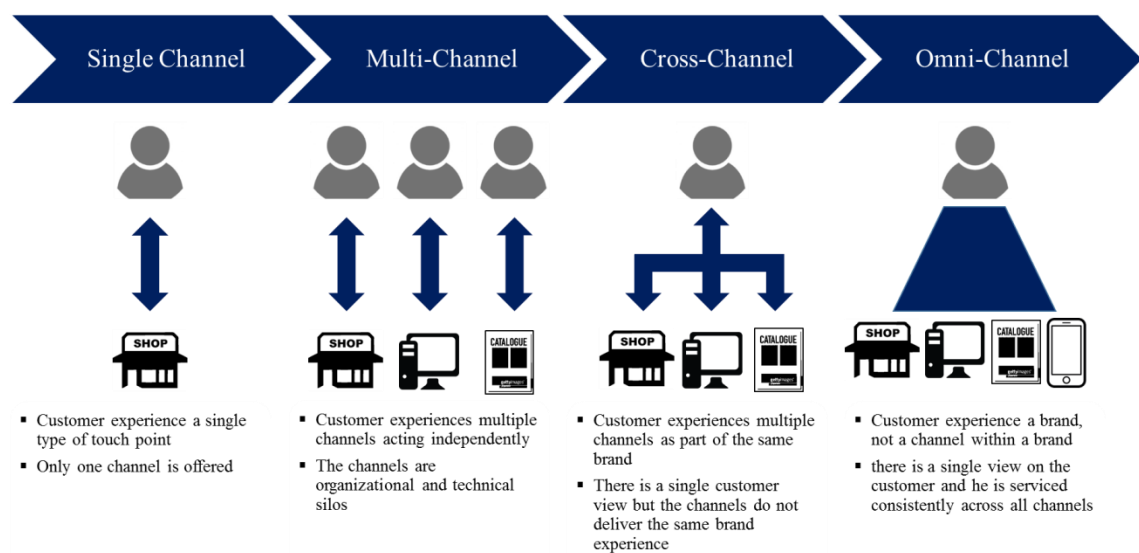
consumer experiences. Multichannel retailers focus on different consumer segments with the aim to serve them differently in multiple channels. Thus multichannel retailers face to conflict of service capabilities between channels, at the same time they face the challenge to operate different and separated logistic system between channels. Zhang et al. (2018) argued that as a consequence consumers need to act as self-motivated to use different channels. In comparison to multichannel strategy, omnichannel is focusing on leveraging channel advantages in order to serve consumers anywhere anytime with one seamless and connected channel process. Within an omnichannel environment, all information and services consumers are looking for are consistent across all channels.

Galipoglu et al. (2018) described multichannel retailing as selling products and services through more than one channel, whereas channels co-exist with no or less interaction between each other. Within multichannel systems channels operate in parallel and in an uncoordinated manner. Within a cross-channel strategy channels are integrated in order to establish a synergetic channel strategy. In contrast to cross-channel, omnichannel retailing is defined as the synergetic management of channels extended by all consumer touchpoints, in order to optimise consumers experience and performance across all channels. According to Galipoglu et al. (2018) omnichannel retailing aims to establish an integrated and seamless sales experience that combines different advantages of different channels and consumer touchpoints. In this context, and as stated by Galipoglu, et al. (2018), omnichannel is less focused on the channel itself but more on the interaction between the consumer and the brand.

Unic AG (2012) explained the differences between the four aforementioned terms of single-, multi-, cross-, and omnichannel by adopting the consumer experience view. It is outlined that within a single channel the consumer experiences a single type of touch point, as there is only one channel offered by the retailing company. Within the multi-channel view, consumers experience multiple channels. These are organised independently as organisational and technical silos, whereas within the cross-channel setup the consumer experiences multiple channels as part of one and the same brand. However, although each channel is offering the same brand, they all deliver a different brand experience. Langegger and Sjölander (2013) stated that the difference between multi- and cross-channel can be found in the level of interaction between each individual channel. They argued that companies following a multi-channel strategy operate each channel separately, whereas within a cross channel strategy processes are integrated within one overall concept.

The fourth and final stage of the retail evolution is described as the so-called omnichannel experience. Within an omnichannel experience, consumers experience more the brand rather than the individual channel. Omnichannel means that consumers have one view of the brand and service, which is consistent across all channels. Diagram 2.12 summarises the different stages from single- to omnichannel retail.

Diagram 2.12: From single to omnichannel



Source: Unic AG (2012)

Strang (2013) outlined that the omnichannel evolution is driven by the changing consumer behaviour pushed by e- and m-commerce growth and consumer habits. As having analysed before and stated by Cassab and MacLachlan (2009) a single channel view of distribution and service is no longer sufficient in today's retail environment. As stated by De Faultrier (2014) retailers need to meet consumer expectations by managing different channels collectively and to create seamless communication between them. Awasthi and Sangle (2012) put it straight by saying that the integration of channels to offer consumers a unified view became crucial in today's retail environment. Strang (2013) also argued that the way towards omnichannel went through the evolutionary stages of single-, multi- and cross-channel retailing. However, it is argued that the difference between the evolution from multi- to cross channel - which was pushed by companies aiming to increase their sales - and the evolution from cross- towards omnichannel was mainly driven by the consumers. It is argued that with digitalisation, the increasing usage of smartphones and tablets has moved the consumers' desire towards a seamless consumer experience across all consumer touch points. This argument is supported by Lessing (2013), who argued that the rapid spread of mobile devices such as

smartphones and tablets has evolved traditional e-commerce business to so-called anywhere commerce, offering anything, anywhere, anytime. Also Gedders et al. (2014) argued that omnichannel retail evolves by new consumer behaviour pushed by digitalisation. Therefore it can be said that there is an agreement on the argument that omnichannel results out of a changing consumer behaviour pushed by the digitalisation, mainly by the invention of smartphone technology.

Gedders et al. (2014) summarised that the connection of stationary brick-and-mortar retail business with e-commerce, mobile apps and social media interaction is known as omnichannel retail. An omnichannel distribution is defined as an integration of all distribution channels, be it in-store, online or via mobile devices, in order to offer consumers a seamless and flexible shopping experience. Trendone (2016) equalled omnichannel to seamless commerce, stating that there are no borders between the worlds of brick-and-mortar retail stores, e- and m-commerce. Omnichannel retail environment becomes ever present and retailers have to create and secure a consistent, comprehensive and seamless brand experience for its consumer across all channels. As mentioned before, the overall aim of omnichannel retail is to create a seamless shopping experience for consumers that enables them to focus on a brand rather than on a distribution channel.

To sum it up, within the literature different definitions on omnichannel exist. As reported by Chatterjee and Kumar (2017) omnichannel retailers selling merchandise to consumers through more than one retail channel. Sands et al. (2016) defined omnichannel as the set of activities involved in selling to consumer goods and/or services through more than one channel. Li et al. (2017) explained omnichannel as retailing that integrates multiple channels and thus enables consumers to use all online and offline channels while shopping. Thereby it focuses to offer a seamless consumer experience and a cross channel service system. Shen et al. (2018) defined omnichannel services as services that allow consumers to switch seamlessly between different channels without any information loss or reiteration. Rodriguez-Torrico et al. (2017) described omnichannel retailers use of both physical and digital channels combined to deliver a seamless shopping experience. Faulds et al. (2018) defined omnichannel as the ability to deliver a seamless shopping experience to consumers across all channels. Thereby technologies, services and process have to be synchronised in centralised but interoperable way.

### **2.3.3.2. Potentials of adopting an omnichannel strategy**

Hsieh et al. (2012) explained that the investigation of strategy applicability for enhancing consumer loyalty in an omnichannel environment is a necessary issue for academics and practitioners alike. Grewal et al. (2017) put forward the argument that the retailing landscape is evolving and that companies need to integrate channels as it becomes a prerequisite for competitiveness. Pookulangara et al. (2011) stressed that retailing companies need to deliver a seamless shopping experience in order to meet the demand. Li et al. (2017) stressed that omni-channel integration realises a couple of benefits. Those include overall sales growth by optimised consumer experience, consumer retention by reducing uncertainty and engendering switching costs. In addition omni-channel integration promotes consumer satisfaction by uncertainty avoidance, convenience, flexibility and self-control. In addition omni-channel integration projects a coherent and reputable image and this strengthens the consumer awareness for the brand equity.

Herhausen, Binder, Schoegel, and Herrmann (2015) stressed that due to channel integration companies would be able to offer consumers what they want at any stage during the shopping journey and that consumers choose retailers offering an integrated shopping experience over other not integrated retailers. Thus channel integration is creating a competitive advantage. Shen et al. (2018) argued that omnichannel should integrate channels in order to create a cross channel experience for consumers. In this respect Karray and Sique (2017) outlined that benefits of acting in more than one channel are numerous. Karray and Sique (2017) named the access to new markets, increased consumer satisfaction and loyalty, as well as creating strategic advantages, as the most important categories.

Karray and Sique (2017) argued that there is growing empirical evidence that consumers using more than one channel during their shopping journey are more profitable and buy more than consumer using single channel. Faulds et al. (2018) outlined that due to omnichannel consumers can inform themselves and purchase products across multiple channels, establishing a continuing engagement in different channels. Faulds et al. (2018) argued that companies which are able to build a seamless shopping experience, its consumers have higher sales and conversion as well as being more loyal.

Within the report on omnichannel retail, Gedders et al. (2014) argued that digitalisation, the evolution of the internet and the development of mobile devices has revolutionised the retail segment, as consumers are able research and buy products anywhere and anytime. As Gedders's study has proven, consumers adopt new technologies quickly, thus

changing their consumer behaviour towards omnichannel. Additionally, Brook-Carter and Parsons (2014) outlined that consumers' expectations towards companies' product and service offerings have changed, as due to digitalisation consumers have access to masses of information anywhere and anytime.

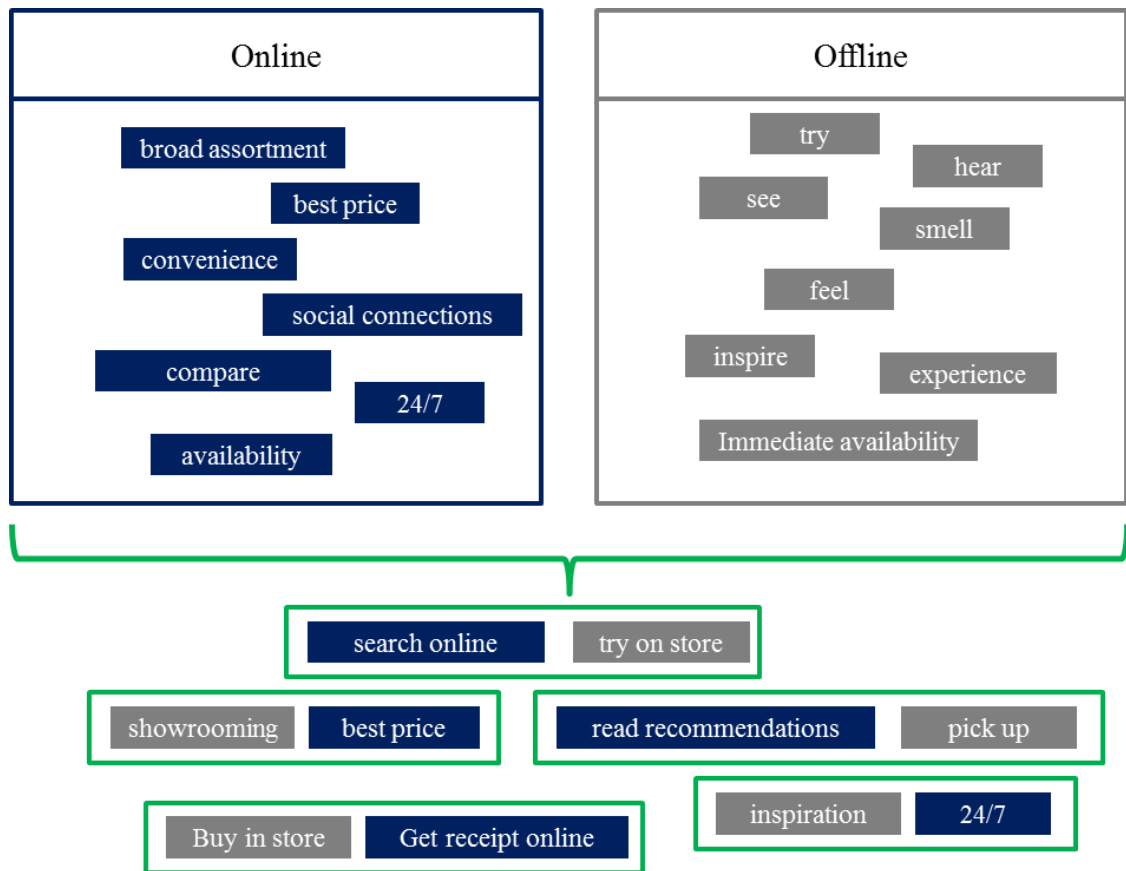
The first and most important potential for retail companies of adopting an omnichannel strategy is to meet the needs and wants of its consumers. Hannich et al. (2013) analysed that the connection of online and offline distribution channels provide various advantages for consumers, such as: free choice of which channel to use; combination of on- and offline services, such as click and collect; easier access to information; easier and quicker processes of purchasing; higher flexibility by being able to buy anywhere, anytime; increased convenience during their consumer journey; or by receiving individual communication and personalised product and/or service offerings. Additionally Gedders et al. (2014) stressed access to greater amount of information; the possibility of comparing product details, prices and delivery options; access to a broader range and choice of brands, offers and products; and an increased convenience to search, purchase and delivery of products anywhere anytime as the main advantages omnichannel retail offers consumers. Within this argument it is stated that by focusing on implementing those consumer advantages, retailers have the possibility to improve its competitive position, push its brand awareness and increase sales, be it online or offline.

Conforming to Cassab and MacLachlan (2009) and Hsieh et al. (2012) retailing companies attempt to provide integrated distribution channels as research has proven omnichannel consumers to have a higher expenditure than single-channel consumers. As stated by Lin (2012) omnichannel consumers spend more money and are more loyal. Kushwaha and Shankar (2013) outlined that the US based retailer Nordstrom found that across categories, consumers using multiple channels spend four times more than single channel shoppers. Piercy (2012) supported that argument by saying that research suggest that omnichannel shoppers purchase more frequently, spend more money and are more loyal. In relation to Berman and Thelen (2004) managing multiple channels offers synergies which can result in an increased consumer base, thus add value and higher market share. Piercy (2012) argued that there are many established benefits of reaching to markets across multiple channels. As for companies adding a new channel can lead to grow absolute market, Lin (2012) argued that for consumers, having access to multiple channels, establishes the opportunity to use additional service channels, which may lead to improvements in service outputs, convenience, time savings and reliability. Chatterjee

(2010) summarised that existing research shows that retailers offering omnichannel services increase consumer satisfaction and loyalty. It is argued that through exploiting synergies across different channels, retailing companies receive savings on transactional costs, increase market coverage, and increase consumer value by offering a greater shopping convenience. According to Berman and Thelen (2004) a well-integrated omnichannel strategy enables consumers to switch across channels. As Hsieh et al. (2012) argued more than 75% of consumers search products in one channel but purchase them in another already. In contrast to Bezes (2013) who argued that omnichannel is a major marketing function and an efficient source for differentiation, Hsiao et al. (2012) stated that if retailers do not implement omnichannel, this will lead to a decrease of sales and consumer satisfaction

Hannich et al. (2013) outlined that retailers are able to enhance consumer loyalty and increase sales when combining the individual advantages of online and offline distribution channels towards one integrated omnichannel strategy. As outlined in Figure 2.5, combining online and offline advantages can lead to an extensive consumer experience. Thus consumers are able to search products online and benefit from a broad assortment, 24/7 access and easy product comparison possibilities, while with the possibility of 'click and reserve' to try the product in store and benefit from the advantages of the offline channel, thus getting to know the product's touch and feel, as well as a better experience of the brand and individual personal consumer service. In consequence Hannich et al. (2013) argued that the biggest potential of adopting an omnichannel strategy approach is when combining benefits from online and offline distribution channels in order to provide consumers a holistic and fully integrated consumer offer. Thus Gedders et al. (2014) argued that by exploiting full omnichannel possibilities, retailers are able to increase sales and turnover, as well as push brand awareness and loyalty.

Figure 2.5: Combination of online and offline benefits towards holistic omnichannel approach



Source: Hannich et al. (2013)

According to Chatterjee (2010) different distribution channels can offer consumers different advantages. Online webshops expand temporal and geographical accessibility, are able to show larger assortments with detailed product information and advanced search capabilities. In comparison traditional brick-and-mortar retail stores fulfil transportation and waiting time costs, while offering physical accessibility and immediate product availability. Chatterjee (2010) stressed that by channel integration retailers are able to support and complement each channel by others, and thus to increase overall sales. They argued that cross-channel options like ‘order and pick-up in store’ became a critical factor of differentiation. According to Piercy (2012) the ability to combine online support and the traditional sales-service team offline can be key to ensure overall consumer satisfaction.

Potentials of implementing an omnichannel strategy for retailers are well discussed. On the one hand some authors, like Hannich et al. (2013) verified great possibilities by enhancing consumer loyalty and to increase sales, others like Grewal et al. (2017) argued

that in order to remain being competitive, retailers have to adjust its strategy towards omnichannel retail, thus to remain and protect its current sales level rather than losing it.

Bachem (2005) also realised that the crucial driver within the retail industry is the technological development and the associated changing consumer behaviour. It is outlined that consumers' needs of individualisation, mobility, convenience, self-determination and a stronger focus on adventure and leisure time - coupled with new information and communication technology and an increasing market transparency - increases the demanding attitude towards products and services. Bachem (2005) argued that consumers expect to be able to choose between channels in terms of information gathering, communication, purchase and/or the return of products. With online sales to grow and technology to further improve online channels, retailers are able to improve the experience and enhance the brand perception during the consumer journey.

The study on consumer behaviour conducted by Viereck and Grebe (2013) highlighted that consumers deliberately switch between channels. It is argued that by combining different channels consumers satisfy several needs, whether convenience, securing the cheapest price, interaction or some emotional experiences. The changing consumer behaviour blurs the line between online and offline channels, revolutionising the retail segment towards omnichannel retail. Looking at the fashion industry, it is argued that already today half of the consumers are shopping fashion products online with an on-going upward trend. Moreover, Brook-Carter and Parsons (2014) outlined that these online consumers use even three or more channels for their shopping. Consequently, Attune (2014) argued that today consumers are more sophisticated, characterised by advanced expectations regarding retail experience. All companies are trying to keep up with these. It is argued that if fashion companies want to achieve consumer satisfaction, they need to be consumer-focused, integrating all of their operations around what the consumer requests, whether inside or outside the store.

As highlighted by Gabler (2013), consumers do not distinguish between channels during their purchasing process; rather, they switch between stationary, online, mobile or catalogue when they search, select, order, pay and pick their products or services. This scenario - known as channel-hopping - increases the challenge for companies to keep the consumers within their channels within the overall purchasing process, rather than losing them to their competition.



Consequently, the reason why companies should adopt an omnichannel strategy becomes obvious. Brook-Carter and Parsons (2014) put forward the argument that integrated retail experience is vital. Bachem (2005) argued that with higher consumer expectations and requirements, integrated omnichannel retailing becomes a necessity. Analysing retail trends, Weisweg (2013) even evaluated the trend of omnichannel as a global game changer, as digitalisation rapidly evolves the needs and wants of consumers worldwide. To summarise, the article 'listening to consumer' by Dossetter (2014) concisely stated that the major reason why companies should invest in omnichannel strategy implementation is simply to follow consumer needs and wants and thus remain competitive, rather than gaining any additional return on investment. Hannich et al. (2013) put it straight by arguing that the main motivation for companies to follow an omnichannel strategy approach is by simplifying the consumer information and buying process and to offer higher flexibility and thus acting on consumers demand, to generate increased sales.

Halbach and Eckstein (2013) concluded that 32% of purchases in stationary retail have been researched online in advance. This corresponds to 50% of all sales volume within stationary retail. Looking at the fashion industry, 22% of purchases in stationary retail have been researched online in advance (so-called ROPO, research online – purchase offline) and 13% of purchases online have been researched offline before (so-called showrooming). This analysis proves the trend of omnichannel shopping. The conclusion is supported by a study conducted by eBay in 2014, which highlighted that 31% of consumers search offline before buying online and 34% of consumers search online before buying offline. eBay (2014) found that even 51% of consumers use additional online research on their mobile phones or tablets before buying offline. Overall, the study concluded that 33% of all sales can already be classified as omnichannel purchases.

Consumer expectations and changing consumer behaviour towards omnichannel becomes even more crucial as omnichannel shopping behaviour gains high popularity, especially for the younger consumer base, thus representing the consumers of the future. Rinnebach et al. (2014) analysed that especially the younger generation (students up to young families) conduct omnichannel shopping. This puts forward the argument that omnichannel shopping will even increase in the future.

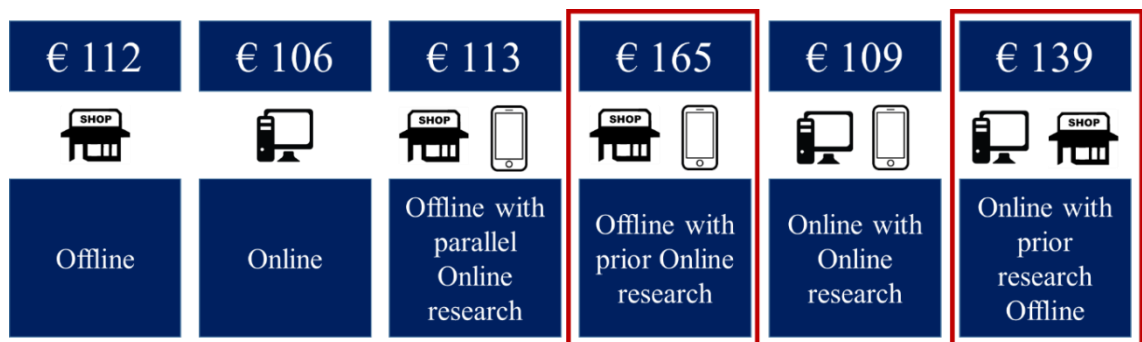
However, besides the necessity for industries and companies to adopt the trend of omnichannel to remain competitive and avoid losing their consumers, an integrated

omnichannel strategy offers even more additional advantages, which strengthens the argument in favour of an omnichannel strategy implementation.

One reason - as stated by Bachem (2005) - is that consumers acting in more than one channel buy increasingly frequently. Moreover, as has been proven, their average transaction value is higher than that of consumers acting in one channel only. This argument is supported by eBay's analysis of omnichannel retail (2014), which highlighted that the average transaction value of multi-channel purchases is higher than that of single-channel purchases.

Figure 2.6 outlines eBay's analysis of multi-channel shopping, showing the average transaction value of omnichannel purchases. With 165€, offline sales with prior online research have the highest transaction value, closely followed by online sales with prior research offline.

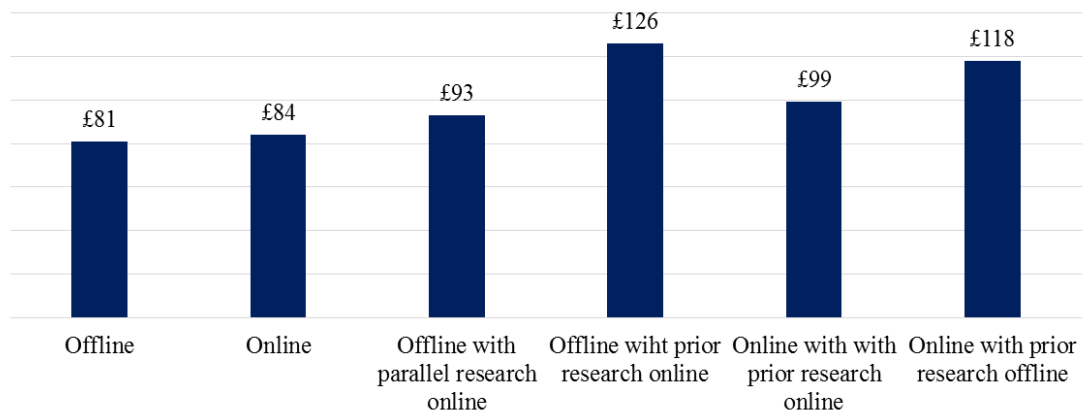
Figure 2.6: Average transaction value by channel - V1



Source: eBay (2014)

This study is backed up by an additional analysis conducted by Gedders et al. (2014). It came to the same conclusion, outlining that products bought offline with a prior online research show the highest average transaction value (see Figure 2.7).

Figure 2.7 Average transaction value by channel - V2



Source: Gedders et al. (2014)

To summarise, it can be concluded that following a strategy of omnichannel retail is not only a prerequisite to ensure consumer loyalty but also promises an increase in sales as omnichannel consumers are more profitable than consumers acting in one channel only.

Moreover, new technology offers the possibility to get to know the interests and demands from each individual consumer and thereby opens the chance for companies to act accordingly. As stated by Al Samber (2013), one of the main advantages of digitalisation is obtaining consumer insights and creating personalised recommendations and shopping experiences. Especially in the fashion industry, Sen (2008) outlined that the advances in information technology are able to improve products and services offered, as companies get to know the preferences in terms of styles, colours and sizes. Bezes (2013) outlined that by getting to know its consumers and building a closer relationship, this increases the consumer's profitability and enhances their loyalty.

Following an omnichannel approach holds additional advantages for companies. As outlined by Berman and Thelen (2004), a well-integrated omnichannel strategy enables consumers to use several distribution channels. For instance, consumers can look for a product in one channel, buy it at another and collect it via a third channel. Berman and Thelen (2004) argued that by managing several channels companies are able to accomplish synergy effects, as there is the chance of an increased consumer base, increased revenue and a possible higher market share. Gedders et al. (2014) argued that as soon a company is able to create a high presence in all channels and build and manage each channel to serve consumers anytime, companies following this omnichannel approach are able to push their brand awareness, increase consumer loyalty and raise overall revenue. Dossetter (2014) argued that in general the opportunity to increase sales

by implementing an omnichannel approach comes through enhanced access to the company's consumer base and thereby an accurate offering and enhanced consumer service. Additionally, Dossetter (2014) put forward the argument that companies following an omnichannel approach are able to increase margins by realigning business operating models focused on higher availability, reduced markdowns and extended ranges. Furthermore, Emrich (2008) stated that by expanding sales and service channels, companies have the chance to reposition themselves within the industry and exploit new business and consumer areas.

Heinemann (2008) concluded that an omnichannel strategy offers companies the possibility to reach more and new consumers, increase its market coverage, market share and even expand the company's business. By offering consumers all possibilities concerning when, where and what to shop at any time they want, consumer loyalty is further increased, which pushes companies' brand image and awareness and enables them to compete more flexible and effectively. It is argued that by exploiting full potential of an omnichannel strategy, companies are able to increase their efficiency, exploit synergies and optimise processes and asset management. Heinemann (2008) argued that ultimately it is not a question of whether to implement an omnichannel strategy, but rather how to implement it. He argued that setting it up has become a must-do for retailers today.

#### **2.3.3.3. Omnichannel strategy**

According to De Faultrier (2014) a retail channel strategy is defined by the decision regarding the configuration and integration of the company's distribution channels. The choice of number and type of channels define the competitive differentiation and advantage over the long term. Once decided on the channel portfolio De Faultrier (2014) outlined the necessity for companies to understand and decide on how to manage channel integration. The overall decision is on deciding between two strategies, either to manage channels as independent entities or by channel integration. Chatterjee (2010) stated the same strategic choice: operate multiple channels as independent entities or to integrate channels allowing cross-channel movement.

As described before and further outlined by Zhang et al. (2018), because of the strong growth of e-commerce and new digital channels, more channels are used for the interplay between retailers and consumers. The retailing model in which companies sell their products and services via all channels with eliminating the distinctions among them, is described as omnichannel retail. Omnichannel retail can bring along a number of advantages, but mainly that all channels can be leveraged to serve all consumers

anywhere, anytime. Zhang et al. (2018) emphasised that all channels should focus on consumer satisfaction, by enabling consumers to obtain all services from all channels by using their unique consumer identity.

Rodriguez-Torrico et al. (2017) outlined that an omnichannel strategy aims to allow consumers to shop across channels anywhere and anytime. In this way, an omnichannel strategy aims to provide shoppers with a unique, complete and seamless shopping experience that eliminates the barriers between various channels. In this respect omnichannel retailing not only comprises more channels, such as mobile-commerce, but pushes borders between channels to disappear. Verhoef et al. (2015) stressed that this affects companies to rethink its competitive strategies.

Within the new retail landscape Rodriguez-Torrico et al. (2017) emphasised that consumers are able to shop across channels anywhere and anytime. Given that situation, companies need to create an omnichannel strategy for omnichannel consumers and to create a unique, complete and seamless shopping experience that eliminates the barriers between channels. Sands et al. (2016) outlined that companies need to follow a omnichannel strategy in order to strengthen their product offering and create a deeper mix of service outputs available to its consumers. In addition omnichannel retailing offers the opportunity to provide consumers a seamless and convenient shopping experience and thus increase overall shopping value. Verhoef et al. (2015) emphasised that consumer switch across channels and devices and that companies need to set omnichannel strategies in order to provide seamless experience. Von Briel (2018) argued that future competition in the overall retail industry will be based on the ability to create a holistic consumer experience, rather than an individual product. Herhausen et al. (2015) put it straight that cross-channel integration is becoming a competitive necessity.

As described before and further outlined by Shen et al. (2018) due to the technology evolution and the ongoing trend of digitalisation various channels become available for consumers to interact with retailers, such as the internet, mobile devices, social media and brick-and-mortar retail stores. However retailers and consumers face channels that are set-up and managed independently with data and information mismatch and as well as inconsistent and disconnected transition processes. Herhausen et al. (2015) analysed that some retail companies still do not create a competitive advantage from an omnichannel strategy due to a missing integration between off- and online channels.

Dholakia, Kahn, Reeves, Rindfleisch, Stewart, and Taylor (2010) outlined that companies need to actively seek to manage omnichannel consumer behaviours as a passive and reactionary approach can harm consumer perception and the company's profitability. Dholakia et al. (2010) emphasised that companies need to adopt an active, consumer centric view of the distribution channels. Sands et al. (2016) supported the approach of companies using all channels available and to follow an omnichannel approach. However it is argued that only using all channels does not lead success automatically, but implies a more strategic approach to channel adoption.

As outlined by Verhoef et al. (2015) the rise of the internet and an ongoing trend of digitalisation initiated many retailers to redefine its initial channel strategy. Galipoglu et al. (2018) outlined that retailers have to focus on key areas of omnichannel such as marketing, logistics, supply-chain, and operations, as those areas summarise all business activities and determine the overall omnichannel strategy.

In relation to Zhang et al. (2018) although some retailers have tried to accomplish omnichannel retail initiatives, most still operate in multichannel organisational structures. As, according to Hsieh et al. (2012) a channel is 'just' a consumer contact, through which a company interacts with its consumers, Cassab and MacLachlan (2009) argued that consumers are unaware of any organisational internal structures. They want to perceive the company at any touch point with little or less differences between channels. Hsieh et al. (2012) emphasised that consumers need to perceive service as seamless as otherwise they get confused. This argument is support by Piercy (2012) who stressed that research has highlighted that consumers view a company as one single entity and not as a collection of divisions or operating units. However Piercy (2012) stated that online and offline channels are most often managed independently as different divisions. Although it is more important that goods and services reach consumers with the same consistency across all channels, Piercy (2012) argued that most retailers still do not have a coordinated approach of how to operate multiple channels within their organisations. Despite established advantages through omnichannel retail, not realising its full potential is often caused by internal organisational structures.

Von Briel (2018) put forward the argument that most companies manage different channels separately and have grown into operational silo structures. Also Herhausen et al. (2015) emphasised that the majority of retailers are managed in silo systems and that thus channel integration has not yet been achieved. Herhausen et al. (2015) outlined that companies trying to implement omnichannel retailing often struggle with channel

integration due to isolated and silo structures, whereas retail and ecom are still separated and operate independently.

Von Briel (2018) put forward the argument that omnichannel retail changes business operations. Retailers need to break down organisational silos and consolidate and distribute information across different departments and across the entire organisation. Inventory as a shared asset, integrated consumer offers across channels and brands, will reduce inefficiency of traditional channel based management approaches.

To accomplish a successful omnichannel implementation von Briel (2018) stressed that senior management not only has to set omnichannel strategies, but also to lead the way in order the rest of the company to follow. Otherwise Herhausen et al. (2015) argued that companies face the danger not to manage its channels in conformity with each other.

Herhausen et al. (2015) outlined that synergies of an omnichannel strategy are only achieved once price and assortment strategies are aligned. This argument is support by Chatterjee and Kumar (2017) stating that omnichannel retailers have to maintain consistency in prices across their channels. Berman and Thelen (2004) explained that a well-integrated retail strategy includes a high integration and consistency across products, prices, marketing messages, as well as inventory information. Piercy (2012) highlighted that investigations have already shown that consumers demand for great parity between online and offline channels. In addition, Hsieh et al. (2012) named information consistency across channels as one of the most important factors for omnichannel success. Once this is accomplished Bezes (2013) discovered that by congruent channels of distribution, a retailer's image is improved. Also Konus et al. (2008) identified that retailers should maintain well-coordinated channels that provide similar prices and products as otherwise, the consumer seeking for omnichannel services may become confused and frustrated with the retailer. In addition Park and Lee (2017) explained that retailers should consider not only what products to offer but also how to deliver product information through various channels. Conforming to Park and Lee (2017) for managers it is imperative to set up marketing strategies that incorporate both interactive retailing channels and traditional mass advertising channels, to accommodate the omnichannel retailing environment. This will broadening touchpoints towards consumers.

According to RegioPlan Consulting GmbH (2014) the fast progress of digitalisation changed the consumer behaviour and thereby structurally changes the whole retailing landscape. It is argued that this change influences companies' strategies, as well as its

organisational structures, processes as well as methods, tools and ways of market and selling its products and services. The main question companies have to answer Hannich et al. (2013) outlined as how to gain efficiency by implementing an omnichannel strategy. It is emphasised that retailers have to ask themselves how consumers are acting within the new retailing era to react accordingly. It becomes decisive for retailers to analyse its business in detail and to create, implement and manage a truly holistic omnichannel retail strategy.

As reported by RegioPlan Consulting GmbH (2014) retailers have to be able to react on an ever changing consumer demand as quick and flexible as possible. Companies have to offer a broad set of information on product, services and the brand itself, different possibilities of order fulfilment as well as a great shopping experience. Although setting up an omnichannel strategy asks for radical and extensive structural changes and high investments, it is stressed as inevitable.

As stated by Halbach and Eckstein (2013), consumers do not distinguish between channels; rather, they jump between off- and online distribution channels, without pre-defining which one eventually to use. Consequently, retailers have to know and respond to the needs and wants of each consumer individually. As stated by Rinnebach et al. (2014), in this respect special attention is not only devoted to the 'if' but rather the 'how' to implement an omnichannel strategy within the company's organisation. In this context Hannich et al. (2013) emphasised that many companies feel a real pressure to transform their strategies towards omnichannel, as it intakes high investments in time and money.

The real challenge for retailers in terms of building an efficient omnichannel management strategy is to connect all distribution channels to accompany consumers during their buying process. To remain competitive in the digital age, traditional brick-and-mortar retailers face the challenge of reacting to ever-changing consumer behaviours. Mindtree Ltd. (2015) outlined that the shift in consumer behaviour have already changed the way some retailers respond to its consumer expectations in the digital retail landscape. However Hannich et al. (2013) put forward the argument that most retailers are not yet equipped to become an omnichannel retailer as they are not able to handle even omnichannel basics as in-store pick-up or ordering online in store. It is outlined that with online sales to grow, retailers have to handle growth in return, both in-store and online. Free returns and speedy reimbursement are viewed as a part of an omnichannel service, hitting sales and profitability.



It is argued that due to market pressure omnichannel initiatives are getting a big play at most retailers, although Mindtree Ltd. (2015) stated that there is no one-size-fits-it-all omnichannel strategy solution. Retailers have to find the right omnichannel formula to tailor a solution for its consumers depending on its retail segment, its mix of online and brick-and-mortar sales as well as its international market presence. The discussion on omnichannel retail points out, that a well set-up, integrated and successful omnichannel retail business needs professional solutions, as in relation to Chernoff, Rigby, Miller, and Tager (2014), for retailers omnichannel retail brings along a sustainable change within distribution channels, supply chains and working cultures.

Conforming to Kolbrück (2015) there are several reasons why an omnichannel transformation within retailers is slow. Discussions on order-management, goods management and information systems, collect, integrate and agree upon decisions between various parties involved are versatile reasons for its slowness. However, omnichannel management is one of the major topics discussed in today's and future retail management.

From previous analysis, it becomes clear that due to a changing retail environment characterised by changing consumer dynamics, companies have to respond to new consumer behaviour to remain competitive, keep consumers within their distribution channel and thus manage traffic. According to Poloian (2013), setting a retail strategy for retailers is the first and most important step to take. A situation analysis, the differential advantage, the vision and mission statement, goals, objectives and strategies have to be outlined first before deciding on a possible omnichannel strategy. Kim (2013) emphasised that one of the most important dimensions of a corporate strategy is concerned with the company's vision. This in turn influences the company's target market to a great extent.

As reported by Orhan, Erdogan, and Durmaz (2014) a vision statement cannot be separated from corporate strategy as it provides companies to achieve high performances and long-lasting achievements. Developing a vision statement is stated to be the number one task in a company's overall strategic planning process. Orhan et al. (2014) described the vision statement as the defined and desired future state of the organisation within its arena of competition. The mission statement in comparison is described as the company's 'reason for being', thus the company's purpose, products and philosophy. Orhan et al. (2014) summarised that a vision statement describes what a company wants to be in the future, whereas a mission statement describes what the company does to reach its desired future vision. Orhan et al. (2014) outlined that vision and mission statements can impact

positively overall performance as they increase the level of employee commitment. Moreover they help to generate a shared understanding of the company's strategic future roadmap.

In relation to Candemir and Zalluhoglu (2013) an organisation's mission statement encompasses the company's purpose or reason for its existence, whereas the vision statement describes what the companies wants to become. Candemir et al. (2013) outlined that a company's vision and mission statement are important factors in order to follow on the organisation's values, objectives and priorities within their overall strategic management process. Candemir et al. (2013) outlined that a vision statement forms a company's strategy and actions. A vision statement helps a company to describe what it would like to become in future. Altipok (2011) described a vision as the future image of a company. Conforming to Altipok (2011) the management of the strategic vision should intake different dimensions, including market, competition, technology, economy, regulatory, social conditions as well as the company's resources and capabilities. The most important use of the vision statement is that it leads to the company's overall objectives. Altipok (2011) outlined that within a changing world a vision should not be fixed visions and that it must encourage actions. A shared an applicable vision provides motivation, energy and engagement to the organisation.

Within a possible omnichannel strategy, as stated by Poloian (2009) retailing combines several business practices with the aim of combining options such as brick-and-mortar stores, online selling and direct marketing to create a better value and more options for consumers. According to Strugatz (2015) a successful omnichannel strategy can start with some relatively simple first steps like e.g. making sure that gift cards work both offline and online. The greater a retailer's omnichannel aspirations, the more complicated it gets. Kolbrück (2015) followed this argument by saying that companies should concentrate on smaller omnichannel milestones first before trying to reach a fully integrated omnichannel strategy.

Berman and Thelen (2004) outlined that a well-integrated omnichannel format enables consumers to examine goods at one channel, buy them at another channel and finally collect them via a third channel. He stated that omnichannel retailing offers synergies as it can result in an increased consumer base, added revenue and higher market share. In this respect Kolbrück (2015) outlined that the very first aim for companies is to focus on consumers to receive a seamless and consistent brand image and experience across all channels. On top it is argued that all special digital tools or omnichannel applications

installed do not become efficient as long as the company moving towards omnichannel retailing does not manage it to establish a consistent and seamless brand experience. Kolbrück (2015) emphasised that the main challenge for retailers is to merge the digital and physical selling worlds into one exciting and seamless shopping experience. This is because within omnichannel retail consumers experience a brand, rather than a channel within a brand.

As reported by Levin and Weller (2005), in order to develop the optimal mix of online and offline services for a particular product, marketers must determine which key attributes are perceived by their target market to be delivered better online or offline. Rigby et al. (2014) argued that as consumers' expectations continue to rise, the only way to ensure a company's long-term success is to find new ways to meet and exceed those expectations before someone else does. Retailers need to balance incremental changes, new platforms and radical innovations. Thereby, each channel needs sufficient focus and customisation to create the optimal consumer experience. Conforming to Sen (2008), this becomes challenging especially for fashion companies as the industry is characterised by short product life cycles, a large product variety and a highly complex supply chain.

Conforming to Grimm (2011), omnichannel management has become a central topic within retailers. Thereby, companies analyse all of their distribution channels to classify their individual strengths and weaknesses. As reported by Gedders et al. (2014) retailers have to follow and focus on several key success factors for an efficient and effective omnichannel strategy creation. The study highlighted several recommendations for actions. First it is emphasised that companies have to pursue a consumer focused omnichannel strategy, which requires that retailers have to know how consumers shop to be able to design its distribution channels as flexible as possible and thereby to enable consumers to use any channel they prefer. This entails that companies have to be present in all channels, be it online, offline, via apps or social media. This is to increase the brand awareness and accompany consumers during their shopping journey.

Consumer focus is nothing new. Donnell et al. (2012) argued that it is widely accepted in the literature that it is key to retailing companies to know and understand its consumers. However especially in the fashion industry, Donnell et al. (2012) stated, that due to unprecedented changes and turbulences with a constantly changing consumer behavior, understanding consumer needs become a matter of survival. Also Awasthi and Sangle (2012) stated that to understand the consumer behavior and characteristics is the basis for any competitive strategy. In relation to Donnell et al. (2012) traditional retailing shifts

from being transaction orientated towards relationship orientated. Consumers are more in focus than the product being sold. It is argued that the nearer a retailer can get to the consumer, the better the company will be able to provide what consumers seek. Donnell et al. (2012) emphasised that knowing consumers, products and competition will enable retailers to develop unique strategy. The same applies for the online channel, as according to Ha and Stoel (2012), the more the competition increases, the more it becomes a necessity to understand key factors that drive consumers to shop online. Within an omnichannel environment Cassab and MacLachlan (2009) stated that integrated consumer data across all channels facilitates process improvements, a higher productivity and an advanced consumer service.

As a second recommendation it is argued that companies have to follow a holistic approach, stating that an omnichannel strategy has to be supported by the whole organisation, starting at its top management. All operational functions have to be able to manage an omnichannel approach from marketing, sales, HR or IT. In addition companies should not separate its business into channels, but rather cluster costs and sales according to areas of responsibilities. As a third recommendation it is suggested to integrate all channels, which means that all channels have to work with the same product and price information. This can be realised by implementing one integrated IT-platform, being able to manage all channels equally but with different front-end tools, if required. In that content an integration of channels should not put some resistance to be able to analyse and use each individual channel towards its individual advantages. As a fourth recommendation it is highlighted that retailers managing brick-and-mortar retailers should reshape and re-evaluate its store portfolio in order to bring an omnichannel experience to its consumers. This could include the consideration of introducing digital content in-store, use flagship stores more as showrooms and rebuild stores to small distribution centres in order to enhance fulfilment and convenience. RegioPlan Consulting GmbH (2014) supported this argument by outlining that due to the digitalisation and a changing consumer behaviour, retailers have to rethink the role of its brick-and-mortar retail stores. In future, stores have to focus on communication, marketing and brand presentation, rather than selling only. It is stressed that a store can become an efficient interface in connecting all different distribution channel, be it offline or online.

A detailed analysis of traditional brick-and-mortar retail stores and its overall duty within an integrated omnichannel strategy is seen as a decisive task for all retailers. As outlined

by Dahlhoff's (2016) market research paper, foot traffic in cities and thus also in brick-and-mortar stores is dropping year over year. It is argued that retailers need to create in-store experience to improve conversion, thus to differentiate. Although traffic is decreasing, most consumers still desire and prefer a physical interaction with the product. In-store product availability, personal advice, special after sales service, demonstration of product knowledge by store staff are still the main drivers for consumers to come in-store, thus consumer service can be a point of differentiation. Consumer service and employee training can have a positive impact on both, consumer satisfaction and sales. The question to answer is how to utilise new technologies also in-store to create differentiation and advanced consumer service, shopping experience and brand perception.

As the fifth key success factor for an efficient and effective omnichannel strategy creation Gedders et al. (2014) outlined the rationalisation of logistics. As omnichannel should enhance consumer experience and convenience across all channels, logistic operations in terms of its flexibility and convenience for consumers have to be reviewed. Last but not least it is put forward the argument to integrate the analysis of digitalisation into the daily business. Retailers have to integrate an on-going analysis of how consumers use and intake new digital technologies and act accordingly.

The six points or recommendations, namely 1.pursue a consumer focused omnichannel strategy, 2.follow-up on a holistic approach, 3.integrate all channels, 4.reshape brick-and-mortar retail stores, 5.rationalisation of logistics, 6.analyse digitalisation, become crucial for retailers in order to remain its competitive position or even improve it. It is argued that retailers have to adapt omnichannel and to re-align and re-organise its strategy to one integrated omnichannel strategy.

Berman and Thelen (2004) argued that planning, developing and maintaining a well-integrated omnichannel strategy is not an easy task for any company. That it becomes necessary to develop an operational infrastructure being able to link different distribution channels within one organisation while remain being flexible. This is especially true for fashion companies, as outlined by Donnell et al. (2012), fashion companies are confronted to reevaluate, improve and innovate its product and services as well as marketing strategies continuously, in-store and online and via omnichannel activities.

#### **2.3.3.4. Role of the channel strategy / channel integration**

Zhang et al. (2018) emphasised that with an increasing number of channels it becomes important for retailers to study how and in what way to operate multiple channels in order to provide competitive service levels to its consumers. As consumers evaluate retailers based on their entire shopping process, using various channels, the topic of channel integration becomes crucial for retailers in today's omnichannel environment. Herhausen et al. (2015) defined channel integration as the degree of different channel interaction. Sands et al. (2016) outlined channel mix and channel integration as two different perspectives. Within the channel mix every channel is seen as a standalone unit whereas channel integration focuses on a synergising combination of channel functions.

Zhang et al. (2018) defined the term of channel integration as the coordination of retail channel interaction and cooperation. Its main objective is to leverage individual channel advantages in order to establish a seamless and complete shopping experience for consumers. Zhang et al. (2018) summarised the main content of omnichannel integration into six dimensions. The first dimension is outlined as integrated promotions, which means that consumers should find one and the same advertisements in all channels in order to enhance their awareness of association between different channels. The second dimension looks at integrated products and prices, thus a consistent assortment and pricing strategy across various channels. Clear product and price strategy avoids consumer confusion. Integrated transaction information as the third dimensions focuses on consumers to use the same account for different channels. Retailers have the advantage to track consumers across channels, whereas consumer receive a higher shopping convenience. Zhang et al. (2018) outlined integrated information as the fourth dimension describing once consumers receive the same information in all channel, they are able to switch easily. Integrated order fulfilment and consumer service are analysed as the last two dimension of omnichannel integration. Zhang et al. (2018) described that consumers can complete their shopping process using one or more channels for different processes, including payment, delivery or return. Standardised consumer service across channels integrates services between different channels. Zhang et al. (2018) discovered a positive correlation between channel integration and consumers' trust and satisfaction. The discussions showed that retailers with well-integrated channels, consumers perceive more trust and satisfaction, with a greater shopping intention. As a summary Zhang et al. (2018) concluded that retailers which invest in omnichannel integration, receive a payoff in increased consumer shopping intention.

Konus et al. (2008) research suggested that additional channels enhance consumer satisfaction and ultimately consumer loyalty and positively influence a company's performance. As reported by Chatterjee and Kumar (2017) multiple complementary channels provide diverse service outputs than single-channel strategies, an omnichannel retailer can increase trust and loyalty by increasing consumer contact points by expanding both the quantity and possible combinations of service outputs. Herhausen et al. (2015) outlined that channel integration enriches consumer value proposition and prevent consumer confusion and frustration. Cao and Li (2015) outlined four aspects of how channel integration can positively influence sales growth, which are improved trust, increased consumer loyalty, higher consumer conversion rate and greater opportunities to cross sell. Trust is provided by creating an appeal of a safe shopping experience for consumers, as more information on product and price is provided and shopping convenience is increased. In addition one consistent marketing message, product and prices across channel eases consumers' uncertainty. On top offering various coordinated channels provide consumers self-control to use any channel they want. Increased consumer loyalty is created by adding value by combining channels by new services such as click and collect. In addition cross channel integration encourages consumers' relationships with brands. Conversion rate is increased as consumers can use more contact points during their shopping journey with seamless consumer experience while at the same time to use different advantages of each channel in combination. The combination of channels enables companies to maintain the interaction with consumers and thus increases cross selling opportunities. The integration of consumer data leads to a more complete consumer profile which in consequence can lead to new cross sell opportunities. To sum it up, Cao and Li (2015) discovered that the higher the level of cross-channel integration the higher the brands sales growth. Companies focusing on a specific channel, benefit less from cross-channel integration.

Von Briel (2018) outlined that although consumers look for seamless shopping experience across different channels, most retailers continue to operate separate channels separately. Most retailers are faced with transformational challenges. Chatterjee and Kumar (2017) outlined that different channel types differ in their abilities to perform various service outputs. Retail stores provide pre-purchase trial, instant gratification, personalised salesperson attention, and post-purchase service like return and exchange. Internet sites provide expanded accessibility, product information, and novelty. Also Sands et al. (2016) outlined that different channels can offer different benefits for end consumers. Stores can provide product trial, instant gratification, and personal attention,

whereas the online channel can provide an expanded accessibility, product information and novelty.

Sands et al. (2016) examined that as the store is less often the only shopping channel, retailers need to integrate and employ digital channels within their store setting. Different channels need to be integrated to provide a seamless retailing experience in the omnichannel environment. Rodriguez-Torrico et al. (2017) indicated that consumers are looking for different features in every channel so that as a consequence each channel has to adapt the individual strategy while at the same time are integrated. Rodriguez-Torrico et al. (2017) indicated that retailers have to identify what consumers are expecting in what channel and how they are using it in order to set channel strategies accordingly.

Herhausen et al. (2015) discovered that the effect of channel integration varies across consumers with different levels of internet shopping experience. Sands et al. (2016) argued that due to this fact consumers may use different channels for different purposes at different stages of their buying process. Shen et al. (2018) emphasised that omnichannel services can employ different strategies to attract different consumer behaviours during their shopping journey. Sands et al. (2016) outlined that because of the growing popularity of mobile and social media companies need to manage it so that consumer can look for products before, and share their experience after their purchase. Sands et al. (2016) analysed that consumers have become more comfortable to use multiple channels during their shopping journey and that the store is losing its predominance of being the most important channel. That is why companies need to look into strategies to connect its digital and online with its offline channels in order to stay successful. Herhausen et al. (2015) discovered that the effect of channel integration varies across consumers with different levels of internet shopping experience. That is why companies should analyse its consumers in detail in order to set up channel strategies accordingly.

As stated by Park and Lee (2017) it becomes essential for retailers to understand the driving factors of consumer's choice of channels and set up marketing strategies in accordance with the heterogeneity of consumer preferences and the correlation between channels. Shen et al. (2018) identified that omnichannel business success is dependent on the comprehensive integration of parallel channels towards one integrated, seamless shopping experience for consumers. Sands et al. (2016) argued that by channel integration and complementary channel framework consumers receive a greater and deeper mix of service outputs which consequently leads to increased consumer satisfaction.



Dholakia et al. (2010) outlined that channel choice is not static but changes over time and that due to this fact it is useful to consider and define different channel dimensions. In order to understand each channel constraints and advantages Dholakia et al. (2010) suggested to distinguish channels whether they are used primarily for purchase or for information. In relation to this outcome, retailers can set up its channels into purchase channels, which obtain products and information channels, which obtain product related information. However some channels can provide both functions at the same time. Companies need to decide which channel to use and how to profitably coordinate their channel assortment. Galipoglu et al. (2018) described that due to channel integration retailers are able to combine online and offline activities and enable consumer to use multiple channels during their shopping journey.

### **2.3.3.5. Omnichannel strategy implementation and management**

Ailawadi and Farris (2017) stressed that the progression from single- to omnichannel has made shopping more convenient for shoppers, but requires operational excellence as omnichannel becomes more difficult to manage. Shen et al. (2018) outlined that in comparison to multichannel management that focuses on multiple retail channels, omnichannel management focuses to synergise various parallel channels to achieve a seamless, integrated and consistent channel structure. According to Hosseini et al. (2017) multichannel management had become an established discipline.<sup>1</sup> Within a multichannel approach channels are treated independently as operational silos, with each channel focusing on individual goals. Omnichannel management in comparison focuses on the synergetic management of multiple channels in order to optimise consumer experience across channels. Conforming to Hosseini et al. (2017) omnichannel management focuses on an integrated management of multiple channels.

Hosseini et al. (2017) outlined that a key challenge for omnichannel retailers is to manage and implement an appropriate omnichannel strategy. However Hosseini et al. (2017) pointed out that current literature and studies on omnichannel management focuses on single facets only but rarely on the big picture. In relation to Hosseini et al. (2017) there is hardly any study that guides organisations in determining appropriate omnichannel strategy and that therefore many organisations struggle to implement an omnichannel-strategy. In addition and despite the high practical need, it is stressed that most research

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<sup>1</sup> As outlined before, different literature use different terms of outlining omnichannel retail. Different terms like omni-, multi-, or cross-channel are used. As most are heading for same basis of discussion, the original term of the author might be used when outlining the literature.

on omnichannel management predominantly takes a descriptive perspective, but rarely a prescriptive approach which guides organisations towards an appropriate omnichannel strategy. Von Briel (2018) outlined: *“As a result of changing consumer expectations and an increasing number of channels that require integration, many retailers struggle in their effort to move from multichannel to omnichannel retail. While the retail industry’s transition toward omnichannel retail is gaining importance, research that could provide guidance to retailers remains in its infancy.”* (Von Briel 2018, page 2)

As the topic of omnichannel is gaining greater attention of practitioners and researches alike, and at the same time as outlined by Hosseini et al. (2017) and von Briel (2018) many retailers struggle to transform their businesses towards omnichannel, and research is still in its infancy, this study is going to outline in detail existing strategy models in following chapters. Those include Heinemann’s (2008) analyses on omnichannel readiness, its roadmap and action plan and as well as key success factors. In addition Wagner’s (2013) omnichannel playbook, omnichannel consumers’ strategy as well as the eight omnichannel success factors are described in detail. What is more Rinnebach et al.’s (2014) strategy model are outline in order to guarantee a holistic overview of existing omnichannel strategy models relevant for this work.

A first step in analysing omnichannel strategy options, its implementation and management has been conducted by the research of Heinemann (2008), who argued that before a company moves towards an omnichannel strategy and implementation it has to be certain about which distribution channels to manage. Thereby, all consumers, products, competitors as well as the well-defined benefits and advantages have to be defined upfront. He stated that first it has to be clarified which company goals should be followed by the implementation of an omnichannel strategy. Heinemann (2008) emphasised that it is mandatory to define clear aims, as otherwise no effective and efficient strategy implementation can be conducted.

Heinemann (2008) outlined three steps for the successful implementation of an omnichannel strategy. Within the first step, new sales channels have to be promoted to obtain acceptance by the consumers. After its successful implementation, within the second step it becomes necessary to create synergies between each channels and promote a consumer-based processes within all marketing activities. Heinemann (2008) argued that the main question to answer is whether marketing activities should differentiate or harmonise between each channels. Moreover, when following an omnichannel approach, one and the same marketing message could be transported via different activities. In order

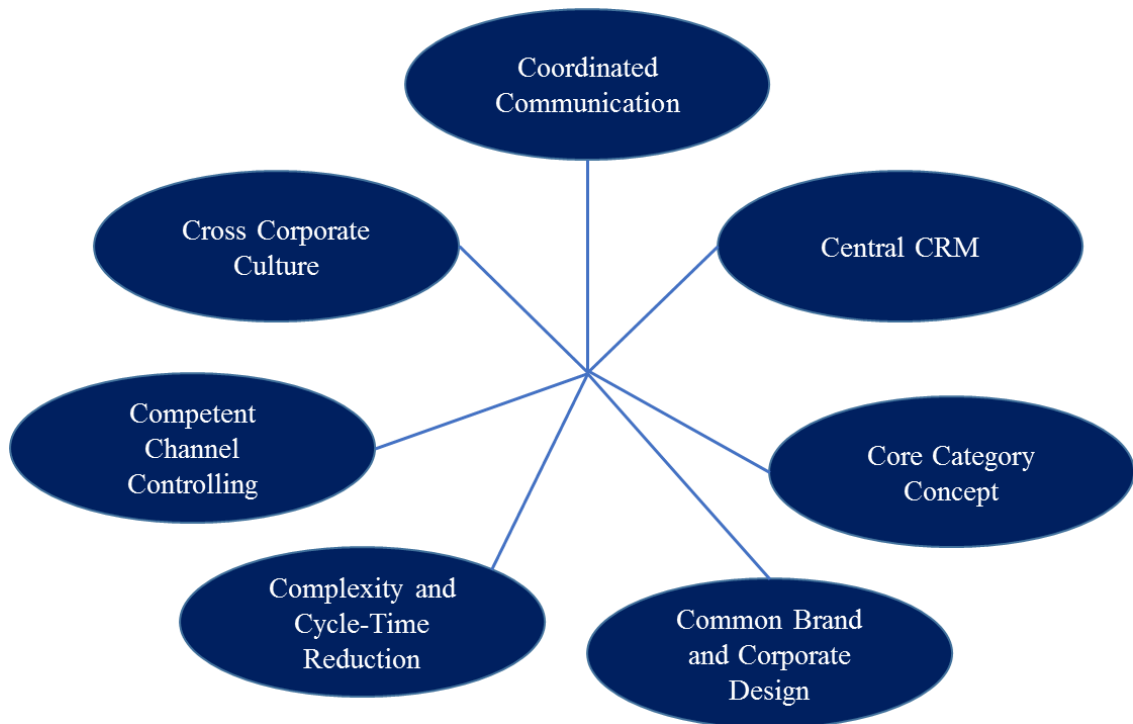
to consider all aspects within the marketing step, as stated by Heinemann (2008) companies should follow the different aspects known under the marketing mix, including product, price, place and promotion activities.

Within a third a final step, after facing sales and marketing activities, Heinemann (2008) argued that companies aiming for an omnichannel strategy implementation should also focus on all internal back-end processes. This will help to guarantee cost-efficient procedures, focusing on synergies and process optimisation.

Having analysed sales, marketing and back-end activities, it is argued that an omnichannel strategy should focus on harmonising all individual distribution channels to create one common brand experience for the consumers, regardless which channel they use. It is stated that all channels have to be compatible, complementary and attractive for all consumers.

To accomplish a successful omnichannel strategy implementation and management, Heinemann (2008) outlined seven key factors, including a cross-corporate culture, a coordinated communication along the entire supply chain, the reduction of complexity and lead times, a competent channel controlling across all distribution channels, a central consumer relationship management, a core category concept and a common brand corporate design with a collective integrated brand appearance. Further success factors include top management support to execute necessary organisational changes towards an integrated omnichannel strategy and a cross-channel incentive model to incentive employees for a channel comprehensive success. All seven success factors are summarised in Figure 2.8.

Figure 2.8: 7 success factors of omnichannel



Source: Heinemann (2008)

In order to successfully implement an omnichannel strategy, Heinemann (2008) argued that any company has to decide upon a coordinated communication strategy. As a prerequisite, any company has to define clear aims that it wants to follow. An increased level of awareness, gaining new consumers and consumer retention can be named as examples. These aims and their consistent corporate-wide communication form the basis of a successful omnichannel communication strategy.

Next to coordinated communication, Heinemann (2008) emphasised that consumer relationship management (CRM) and omnichannel management are inextricably connected. Creating consumer relationships that are clearly aligned and adjusted by and across channels is key. It is argued that the key aims of consumer relationship management is to win and tie consumers, manage profitable consumers in the long term and constantly increase consumer satisfaction. Also Hannich et al. (2013) argued that in order to obtain an omnichannel strategy, an omnichannel CRM management becomes a prerequisite. It is argued that companies which use full consumer insight, create the precondition to implement efficient and effective marketing activities such as personalised communication and thus to enhance consumer loyalty and increase sales.

RegioPlan Consulting GmbH (2014) put forward the argument that several studies confirm that consumer insights and omnichannel CRM plays a crucial role to secure a

seamless omnichannel offer to consumers. It is argued that only when companies receive consumer data, they are able to adapt and adjust its offering according to what is requested. Major omnichannel advantages only can be realised, as soon as retailers are able to understand its consumers and offer personalised communication, product and service offerings. Moreover consumer insights enable companies to cluster its consumers into segments, in order to connect individual offerings to individual consumer profiles. Booz and Company (2012) raised the need for retailers to be able to understand consumer expectations of service levels, channel and shopping dimensions, product offering, pricing and convenience. Thereby it is argued that retailers have to anticipate changes in consumer behaviour.

The third success factor outlined by Heinemann (2008) underlined the importance of a defined core category concept, namely having an adjusted and coordinated assortment strategy across all channels. Here, the question of which products should be offered in which channels should be answered. It is argued that one of the major reasons why companies trying to implement an omnichannel strategy fail is because they miss a clear strategy and decision concerning which products or services to sell in which channel.

As an omnichannel strategy focuses on managing several distribution channels, a common brand and corporate design becomes a key necessity; otherwise, consumers are confronted with brand confusion. As outlined before, consumers seek for lot of information according the company and brand of interest, as well as according its products and services.

Managing several but different distribution channels, omnichannel companies are complex organisations. Heinemann (2008) argued that the more consumers who switch between channels along their shopping trip, the higher the complexity in all internal processes. This is why he named complexity and cycle time reduction as the fifth key success factor. Thereby, the main task is to integrate all channels as efficiently as possible, as well as guaranteeing the channel-specific most efficient process of each individual channel.

Heinemann (2008) argued that omnichannel retail does not automatically bring the company greater success. It is important to carefully manage, analyse and control each channel and their interplay. This becomes a challenge as each channel represents an individual business model, with different cost and sales structures that are difficult to compare and put together. Omnichannel retailing means to provide consumers with the

right service in the right channel. As consumers do not differentiate between channels but rather use different channels along their consumer journey, increasingly more retailers do not differentiate their products and services between channels. Offering all products and services in all channels becomes a matter of course, increasing complexity and the effort of coordination, which consequently damages overall profitability, despite increasing sales. In order to review, analyse and outline the company's overall profitability, competent cross-channel controlling becomes key.

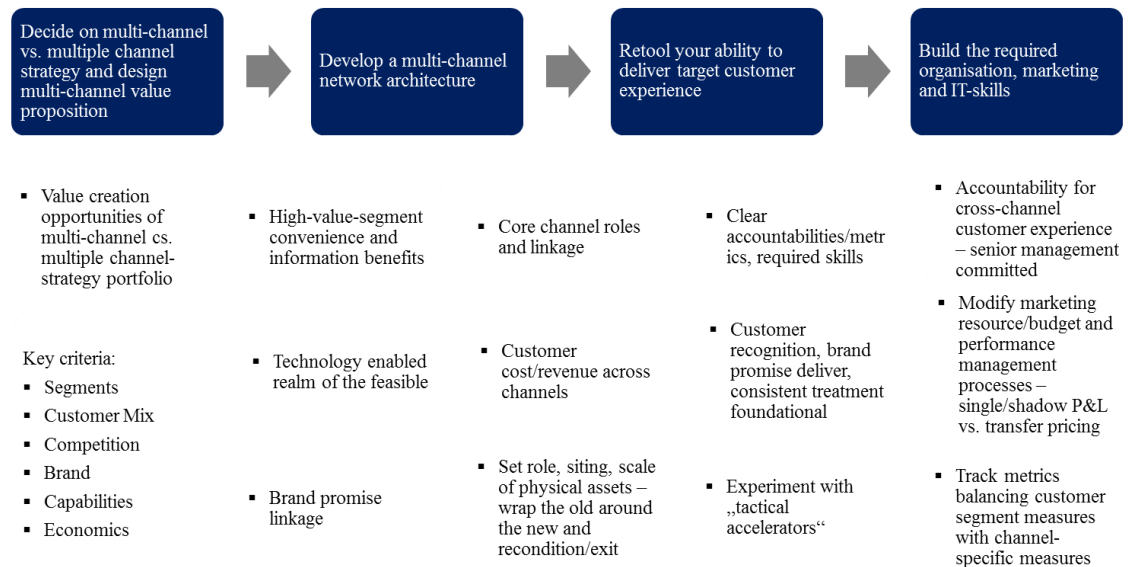
Finally, Heinemann (2008) argued that while corporate culture is often underestimated, it is a decisive success factor of a successful omnichannel implementation. All channels have to be managed by one and the same culture. Different channels should not fight against each other nor see them as competitors, but rather follow one and the same corporate vision. Accordingly, creating one common cross corporate culture is seen as the last success factor, with equal importance as all of the other six mentioned before.

After having defined the corporate omnichannel aim and analysed the seven success factors, Heinemann (2008) argued that before finally moving forward towards an omnichannel strategy implementation a well-thought-through roadmap has to be prepared and drafted upfront. Within a very first step, any company should check its omnichannel ability by analysing its ability to align consumer data, processes and infrastructure. The alignment of consumer master data - thus merging all different systems by channel to one central consumer database - becomes essential. Given that consumers do not distinguish between channels, companies have to create an integrated shopping experience with an integrated service. Without a central database, this becomes impossible. The same is true for processes: Following an omnichannel strategy and thus connecting different channels, an alignment of processes becomes a basic requirement. Moreover, as argued by Heinemann (2008), the larger and older a company becomes, normally the more systems that are in place. Omnichannel means creating one common view on consumers, data and processes. It is argued that to combine all different channels towards a fully integrated omnichannel setup, the alignment of the corporate infrastructure is a prerequisite.

After analysing the company's ability to go omnichannel, Heinemann (2008) offered a description of a multi-channel action plan. This comprises four consecutive stages, starting with the decision on a multi-channel versus multiple channel strategy and the design of a multi-channel proposition. Having decided on a multi-channel strategy, within the second step companies should develop a multi-channel network architecture, before they retool the ability to deliver target consumer experience within the third step. Within

the fourth and final step, companies following the action plan should build the required organisation, marketing and IT skills. All four steps are described and summarised in Diagram 2.13.

Diagram 2.13: Development of multi-channel action plan



Source: Heinemann (2008)

As reported by Hannich et al. (2013) retailers have to rethink their existing distribution channel structure and strategy and restructure its channels according to its different aims and functional possibilities. This means retailers have to think about what to offer its consumers in what part of the consumer journey in what channel. Next to the described convenience advantages offered by online and mobile distribution channel, Hannich et al. (2013) argued that also the traditional stationary brick-and-mortar store can fulfil a lot of its strengths such as entertainment, showrooming, the play with senses, consulting, after-sales-service, brand creation and consumer service and intimacy.

Next to the research of Heinemann (2008), Chu and Pike (2002) also conducted an analysis of successful cross-channel implementation. Similar to other research in the literature, it is emphasised the importance of a clear roadmap that retail executives have to develop to guarantee successful cross-channel transformation. It is argued that companies have to construct a linkage between consumer strategy, organisational capabilities and technology. It is underlined the importance of a clearly-defined roadmap with the argument that a cross-channel transformation creates increased complexity due to the addition of new distribution channels. Furthermore, it is argued that a cross-channel

strategy implies significant organisation and process integration issues, intensified by emerging technologies to improve consumer satisfaction.

The main focus on an omnichannel transformation should be to increase consumer loyalty and improve financial strength. It is argued that executives have to answer the following questions to create a roadmap showing what is required within a cross-channel transformation strategy:

- How can retail executives assess their current state of cross-channel readiness?
- Where are current initiatives leading?
- What capabilities will be required in the future?

It is stressed that cross-channel integration cannot be seen as a single project or process that can be fully completed; rather, it is argued that because market characteristics, technology and consumer expectations keep continuously changing, cross-channel integration is a continuous process aiming to enhance consumer experience by improving organisational and channel collaboration and technological adoption. It is highlighted as important for companies that undergo the transformation to always concentrate on adding value to the consumer rather than focusing on internal capabilities and constraints. Moreover, it is argued that it becomes key for retailers to combine the top-down and bottom-up perspective. As outlined in Diagram 2.14, it is argued that the strategy definition and alignment as well as data management and analytics should be combined by the top-down questions of:

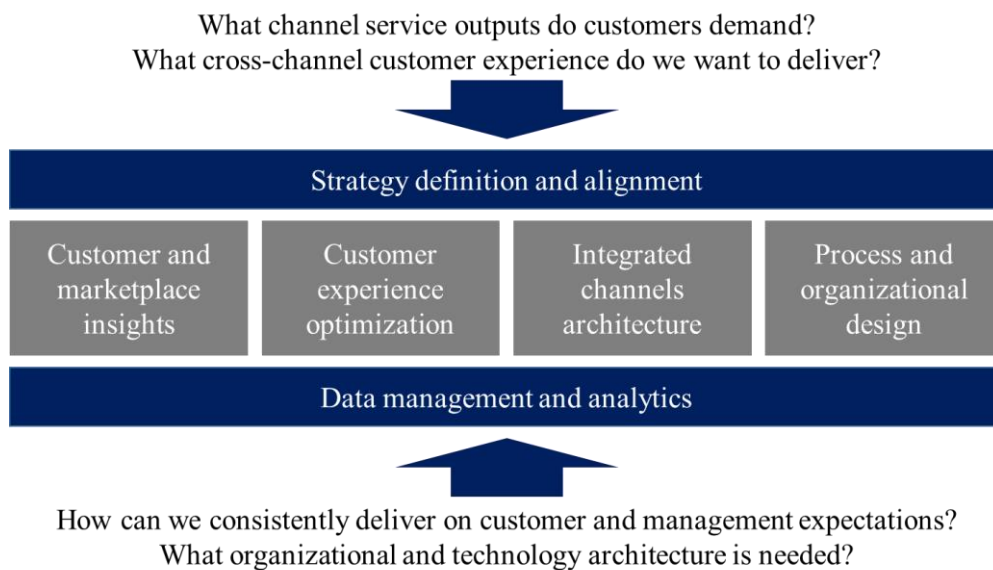
- What channel service outputs do consumers demand?
- What cross-channel consumer experience do we want to deliver?

As well as the bottom-up questions of:

- How can we consistently deliver on consumer and management expectations?
- What organisational and technology architecture is needed?



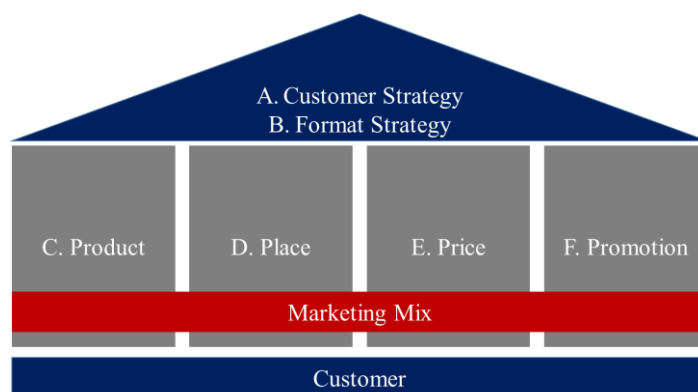
Diagram 2.14: Holistic approach to integrated cross-channel retailing



Source: Chu and Pike (2002)

Wagner (2013) emphasised that due to changing consumer behaviour, companies can no longer manage their distribution channels in parallel. It is outlined that a traditional multi-channel approach has to be realigned to a cross-channel approach, connecting and coordinating all individual channels. The study described a holistic approach putting the consumer into focus. This holistic approach - build upon the basis of consumer centricity - encompassed seven key areas, namely the consumer strategy, the format strategy and the areas of the 4P marketing mix: product, place, price and promotion. All areas are described by Diagram 2.15.

Diagram 2.15: Holistic cross-channel approach on the basis of consumer centricity



Source: Wagner (2013)

Wagner (2013) outlined that companies moving towards a cross-channel strategy have to consider following questions related to each focus area:

- A. Consumer Strategy: What are my consumers today and in the future? What are the consumers with whom I am able to grow my business?
- B. Format Strategy: How do my consumer segments differ between my distribution channels? What is the strategy with which I am able to reach my consumers in a best possible manner within each individual distribution channel?
- C. Product: With what kind of products and assortments am I able to approach my consumer groups in a best possible manner?
- D. Place: Which products do I have to place and sell where to maximise sales?
- E. Price: What is the best possible pricing strategy to optimise margins and image?
- F. Promotion: Which products do I have to promote to maximise traffic and increase sales?

A similar approach was conducted by Mahrtdt (2013), who suggested that to secure a successful cross-channel implementation each organisation has to define and align its overall strategy by answering several questions: What channel service outputs do the consumers demand? What cross-channel consumer experience do we want to deliver? What are our strategic objectives, positioning and promise towards our consumers within our cross-channel retail environment? What should be our target consumer segment? What assortments should we offer, in which channel and at what price? How should we integrate the channels towards an integrated shopping experience? What are the international standardised and differentiated consumer offerings?

After answering these questions, Wagner (2013) also outlined eight key success factors that are described as the foundation of a successful cross-channel management. First, it is outlined that companies have to generate a clear consumer understanding. It is argued that a detailed and strong consumer understanding can be seen as a prerequisite for a cross-channel strategy and management in line with the demand. Moreover, the mix of distribution channels has to be analysed in detail, as it is argued that every industry, product group and country has its specific individual characteristics. Once defined, each strategy has to be analysed every 1-2 years again, as cross-channel strategies are short-lived and have to be realigned on an ongoing basis. Moreover, as another success factor, Wagner (2013) outlined that companies have to interlock this strategy with all of their distribution channels in terms of their consumer and positioning strategy. This

interlocking also has to happen within all operational areas to avoid generating isolated operational areas of competence by channel.

Wagner (2013) mentioned a well-elaborated and strong e-commerce know-how as another success factor. Managing e-commerce distribution channels is seen as a key success factor in terms of cross-channel management. Thereby, a well-defined and managed product and price strategy is key. Avoiding discrepancies between channels and generating a clear and consistent picture across all distribution channels increases sales and average transactions values.

Process and systems are named as yet another success factor by Wagner (2013). It is argued that to manage a cross-channel strategy successfully, companies have to align and adjust all process and systems, taking consumers as the basis. Finally, Wagner (2013) ascertained that organisational structures and a company's culture play a critical role in implementing a successful cross-channels strategy. It is mentioned that an effective cross-channel strategy goes along with vertical integrated areas of competence. Managing separated individual operational areas leads to an inconsistent sales approach, missing the advantages that a cross-channel strategy can offer.

Within its study on cross-channel management, Wagner (2013) emphasised that companies have to implement a clearly defined and communicated cross-channel strategy across the group. It is argued that failure to do so can lead to missing the aimed sales and profit targets. It is argued that companies can successfully implement a cross-channel strategy by following the key questions and successful factors described above.

Thus, in relation to Wagner (2013), within a cross-channel approach a key step for companies is to create an effective and well-conceived playbook. Thereby, companies have to analyse their cross-channel readiness, mission, evaluation and recommendations. By answering the questions of where am I, where do I want to be, what are the ways to get there and what is the best possible way to choose, Wagner (2013) outlined a roadmap towards a cross-channel strategy implementation. Within this playbook, key questions to be answered are: Where does the company stay today? Where does it go taking new trends and technology into consideration? What are the options to reach its targets? What has to be done? Diagram 2.16 summarises the four steps, including detailed core issues to be tackled.

Diagram 2.16: Cross-channel playbook



Source: Wagner (2013)

Mindtree Ltd. (2015) confirmed the argument that retailers should assess its omnichannel readiness as a very first step. That has to be done before providing features that can help to gain and retain consumers. Booz and Company (2012) outlined that retailers can evaluate its omnichannel readiness among others by the assessment of weighting consumer preferences and attitudes against the company's supply chain and operational requirements and possible cost of implementing an omnichannel inventory, logistics and delivery network. As stated before, efficient supply chain management becomes a key factor in order to implement and manage a holistic and seamless omnichannel retail strategy. Once a company knows what consumers demand companies then can pinpoint supply chain and operational capabilities in order to succeed. In order to build an efficient omnichannel strategy, retailers have to determine which supply chain capabilities are the most critical for its consumers and on that basis, optimise its supply chain capabilities accordingly. There is no right or wrong approach to establish a supply chain strategy, but that it depends on consumer expectations, its cost trade-offs and the companies' capabilities. Be it in-house or outsourced depends on the company's existing capabilities its scale and operational strategy.

Next to the research of Heinemann and Wagner, within its strategy paper on multi-channel implementation Rinnebach et al. (2014) built a concept and strategy model that companies aiming for a multi-channel strategy implementation should follow-up on, which can be seen in Diagram 2.17. Here, Rinnebach et al. (2014) divided the focus areas of multi-channel strategy, multi-channel consumer offer and multi-channel operations.

Rinnebach et al.'s (2014) working paper emphasised that is inevitable for any company aiming to go multi-channel to develop a sustainable multi-channel strategy upfront. It is outlined that a company has to clarify which aims to follow as well as clearly formulating the desired position within the overall competitive environment.

The core element is the selection and focus on the essential target groups and consumer segments, as these build the foundation for the overall alignment of the entire multi-channel consumer offerings. As described in Diagram 2.17, the alignment and cooperation of the offered assortments, the pricing and services between different channels play a decisive role. The alignment between different strategic configuration options on the dimension of assortment, price, service and channel integration and operational requirements becomes crucial to guarantee an efficient multi-channel implementation.

Moreover, it is argued that the development of a clear and target-orientated multi-channel processes model is essential, comprising core processes as well as all detailed processes including all requirements and configuration details.

Within the elaborated model seen in Diagram 2.17, the multi-channel strategy, its targets and positioning as well as the target group and consumer segment can be seen at the roof of its strategy model. Thereby, Rinnebach et al. (2014) placed the consumer demand at the very beginning of the multi-channel strategy formulation. Defined questions that any company aiming for a multi-channel strategy implementation should follow-up on include:

- What channel service outputs do the consumers demand?
- What cross-channel consumer experience do we want to deliver?
- What is our strategic objectives, our positioning and our promise towards our consumers within our multi-channel retail environment?
- What should be our target consumer segment?
- What assortments should we offer, in which channel and at what price?
- How should we integrate the channels towards an integrated shopping experience?
- What are the international standardised and differentiated consumer offerings?

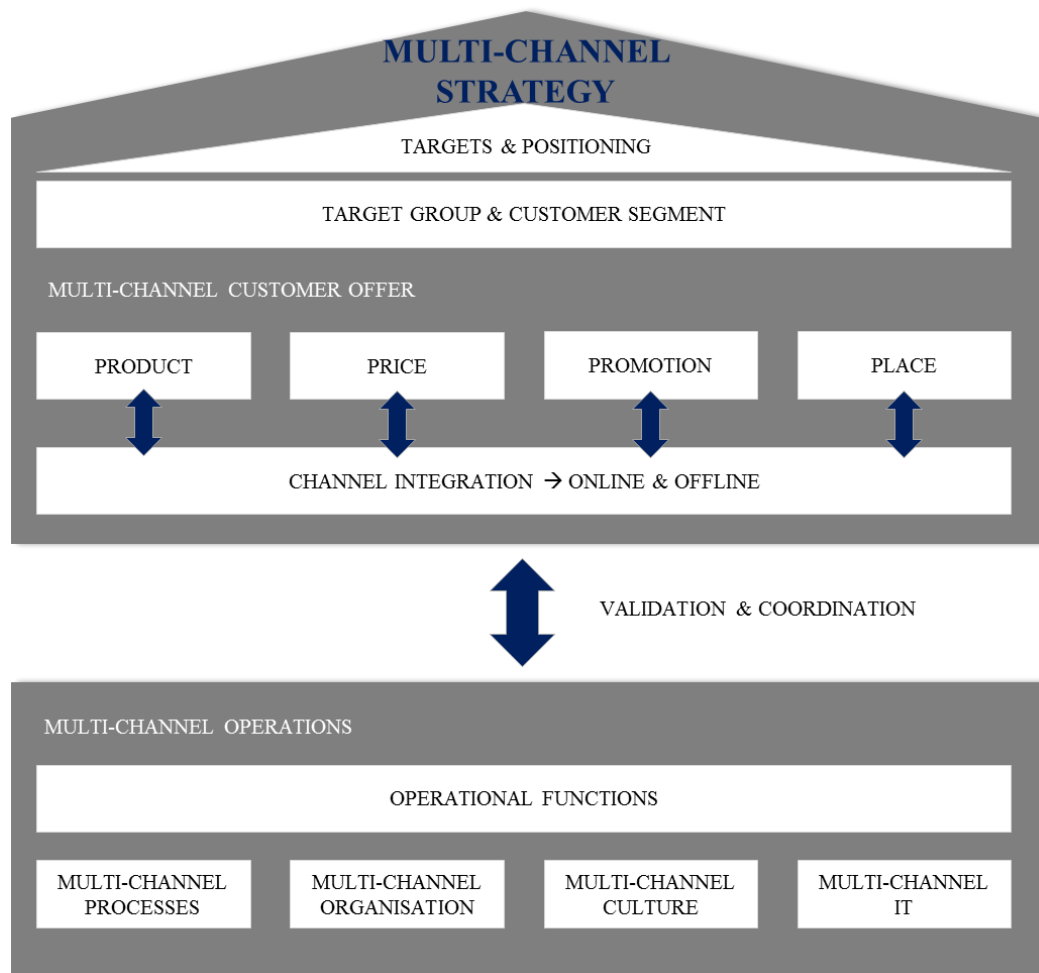
After having answered these questions, Rinnebach et al. (2014) argued that any company should focus on aligning and coordinating the defined multi-channel strategy within the multi-channel operations, which can be seen at the bottom of its strategy model (Diagram

2.17). Rinnebach et al. (2014) emphasised that companies should answer the questions concerning how to coordinate an integrated channel architecture:

- How should we build our multi-channel process, organisation and IT?
- How can we consistently meet our consumers' and management expectations?
- What are our key operational functions within our operating model?
- What organisational and technology architecture is needed?

RegioPlan Consulting GmbH (2014) argued that the main question for retailers following an omnichannel strategy approach is to answer how to set up its different departments such as buying, marketing, finance, to name just a few and how to allocate cross-channel purchases accordingly.

Diagram 2.17: Multi-channel strategy model



Source: Rinnebach et al. (2014)

## **2.4. Literature review – review and conclusion**

The above literature review outlined the overall fashion industry and its characteristics - fashion retail brands, its distribution channels, supply chain activities and operations - as well as industry trends in the 21st century, such as digitalisation, changing consumer behaviour and omnichannel retail. After reviewing the research in the literature in detail, it can be said with certainty that today, retailers have to pursue consumers across all media, devices and channels and offer a remarkable experience to connect to the consumer in any critical moment during the consumer journey. The review further outlined that retailers have to respond to the digital consumer base and offer a seamless mobile and online strategy that integrates the shopping experience across portals, apps and retail channels. As described earlier, the retailing landscape has moved into a new era which can be described with one buzz-word: Omnichannel. Omnichannel is seen as a structural change of the whole retailing industry. Special attention in this respect is not only placed upon the 'if' but also on 'how' to implement an omnichannel strategy within the company's organisation. It therefore becomes clear that the real challenge for retailers in terms of building an efficient omnichannel management strategy is to connect all distribution channels to accompany consumers during their buying process.

The literature review highlighted that online sales penetration - especially for clothing - is expected to grow strongly in the future, whereby the physical shopping experience still plays an important role. At the same time poor omnichannel offerings can be identified today, making the international fashion industry an interesting industry for researching omnichannel management.

Konus et al. (2008) emphasised that the recent proliferation of channels towards omnichannel is creating extensive challenges for researchers and practitioners alike. These challenges in turn prompt studies in the field of omnichannel management, the design, deployment, coordination, and evaluation of channels through which companies and consumers interact, with the goal of enhancing consumer value through effective consumer acquisition, retention, and development. Shen et al. (2018) argued that although omnichannel management gets an increasing interest for industries and academia, research regarding omnichannel still is in its early stages. Grewal et al. (2017) stressed that the future of retailing is an important area of inquiry which needs continued exploration. According to Verhoef et al. (2015) current research on omnichannel management mainly considers retail distribution channels only, but should put a greater emphasis on the interplay between channels and brands. That is because omnichannel

does not only broadens the scope of different channels, but also integrating consumer-brand-retail channel interaction. Galipoglu et al. (2018) outlined that there is an increasing research interest in the topic area of omnichannel retailing.

Hosseini et al. (2017) pointed out that current literature and studies on omnichannel management focuses on single facets only but rarely on the big picture. As stated by Hosseini et al. (2017) there is hardly any study that guides organisations in determining appropriate omnichannel strategy and that therefore many organisations struggle to implement an omnichannel-strategy.

In addition and despite the high practical need, it is stressed that most research on omnichannel management predominantly takes a descriptive perspective, but rarely a prescriptive approach which guides organisations towards an appropriate omnichannel strategy. Von Briel (2018) outlined: *“As a result of changing consumer expectations and an increasing number of channels that require integration, many retailers struggle in their effort to move from multichannel to omnichannel retail. While the retail industry’s transition toward omnichannel retail is gaining importance, research that could provide guidance to retailers remains in its infancy.”* (Von Briel 2018, page 2)

Having analysed the research in the literature in detail, it becomes clear that several theoretical approaches can inform the development of a successful omnichannel implementation. However, all the existing research in the literature either miss a practical example or do not place sufficient emphasis on the special requirements of the fashion industry. Although the topic of omnichannel is gaining greater attention of practitioners and researches alike, as reported by Hosseini et al. (2017) and von Briel (2018) many retailers struggle to transform their businesses towards omnichannel, and research is still in its infancy. This research tries to close this gap by its aim to develop a strategic omnichannel strategy process model, especially for fashion retail brands.



### **3. Literature Synthesis**

This thesis devotes special attention to the research question of ‘what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ As described in the introduction, the aim of the research is to build a holistic and effective omnichannel management strategy for fashion retail brands based upon the case study of Tommy Hilfiger. In order to do so, the first research objective is to examine the research in the literature and underlying concepts of a balanced, effective and comprehensive omnichannel strategy from a consumer and a company’s perspective. In order to discuss and create a strategic omnichannel approach for fashion retail brands, several topics have to be outlined, analysed and brought together. This chapter, therefore, synthesises the literature and proposes a ‘theoretical (Alpha) model’, informed by the literature, which is then subjected to research on Tommy Hilfiger, to refine it into a holistic, practical and operational (Beta) model for the company.

#### **3.1. Merge of literature strands**

The literature synthesis pulls the three arms of the literature review together to allow the development of a summary statement that unifies the research in the literature as much as possible. The research in the literature on fashion industry characteristics, fashion companies and fashion retail brands and the evolution of the fashion retail environment in the 21st century represent different knowledge bases and there are very few studies that overlap in all three areas. Although each of these areas has been extensively explored (Appendix IV), only a few research in the literature sources unify all three areas into a holistic strategic process model. Diagram 2.18 summarises the literature strands outlined and analysed during the literature review, setting the basis for in-depth omnichannel discussions.

Diagram 2.18: Literature strands

FASHION INDUSTRY	FASHION BRANDS	EVOLUTION OF FASHION RETAIL INDUSTRY	
<b>Industry Overview</b> characteristics, developments, changes, challenges, complexity	<b>Fashion Companies</b> retail business, market & consumer segments, product categories, brand building	<b>Digitalisation</b> m-commerce, data analytics, consumer insights, social media, in-store technology	<b>Potentials of Omnichannel</b> competitive advantages, strategy approach
<b>Industry Supply Chain</b> definition, structure, characteristics, strategies, management, operations	<b>Fashion Brands</b> definition, attributes, consumers' perspective, brand value, brand management	<b>Consumer Behaviour</b> shopping characteristics, purchasing motives, channel use, consumer journey, channel-hopping	<b>Omnichannel Strategy</b> aims & targets, implications, structure, processes, methods, implications & recommendations
<b>Supply Chain Management</b> definition, operational & process functions, changes & challenges	<b>Distribution Channels</b> insights, complexity, channel conflict	<b>Omnichannel Retail</b> effect of digitalisation and technology on consumer behaviour, consumer shopping experiences, retailers' strategy implications	<b>Role of the Channel Strategy</b> channel integration, possibilities, advantages, implications
		<b>Omnichannel Development</b> From single to omnichannel, definitions, management	<b>Omnichannel Strategy Implementation</b> management, process models

Source: Author (2018)

The research within the literature review focused on the fashion industry, its characteristics, supply chain components as well as its supply chain management and operations first. As mentioned before, this research's major focus is not to answer the question of 'if' but rather of 'how' to implement an omnichannel strategy within a fashion company's organisation. Answering the question of 'how' to implement an omnichannel strategy encompasses an extensive set of topics. Therefore it became essential to get to know the fashion industry, its characteristics, its supply chain components, its challenges and its companies' characteristics in detail, right from the start, since specific and broad industry knowledge provides the basis for a holistic and effective omnichannel strategy creation.

When analysing the first of the three arms of the literature review, namely the fashion industry, this research started explaining the term 'fashion' in closer detail. As the term 'fashion' encompasses a wide variety of terms, the different definitions of Hines et al. (2001), Jackson and Shaw (2006), Tungate (2012), Macchion et al. (2015), Brun and Castelli (2008), and Shen et al. (2017) had been taken as a basis to limit the general definition of the fashion industry to include apparel and clothing only. Having defined the fashion industry in detail, this research reviewed several pieces of research in the literature, such as Carniene and Vienazindience (2014.1), Wong et al. (2013), Drake and Marley (2010), or Bodimeade (2013), in order to outline the fashion industry characteristics. These include short product life cycles, numerous product varieties, unbalanced consumer demand and inflexible supply chain processes.

In order to intensify the knowledge on the overall fashion industry in detail, including its definition, components and all the players involved, the literature review outlined and described all areas of the fashion industry supply chain in detail. With the help of Bruce, Daly and Towers (2004), Singleton (2013) and Sen (2013) and their description and definitions of the overall fashion supply chain, different segments had been defined, including the textile, apparel and retail industry. The interlinking of these segments is described as verticalisation. With the help of Leeman (2010), Koumbis (2014) and Poloian (2013), this research highlighted that fashion companies can take on many different activities in the supply chain, such as manufacturing, wholesaling and retailing operations. It was to understand the fashion industry supply chain and its operational components and how and in what way, different companies interlink different segments. This understanding is a prerequisite for a strategy blueprint creation. Moreover, in order to analyse and outline how and in what way omnichannel activities influence retail fashion brands, their strategy and operational activities, it is vital to have a solid understanding of the overall fashion supply chain and its different segments involved.

Carniene and Vienazindience (2014.1), Brun and Castelli (2008), Bergvall-Forsberg and Towers (2007), Carniene and Vienazindience (2014.2), Chan et al. (2017), Bruce, Daly and Towers (2004), Ray (2010) and Wong et al. (2013) continued by outlining challenges and strategies of the fashion supply chain management in further detail. Thereby it was emphasised the complexity of the industry's supply chain and the fact that the fashion industry and its supply chain still has to fight against several additional persistent factors. It is thereby argued that fashion brands, their business environment and the overall fashion supply chain are challenged and affected by numerous serious factors. When analysing omnichannel strategies for fashion retail brands, all of these challenges have to be considered to guarantee a holistic and global strategic approach.

Having analysed the fashion supply chain characteristics as well as its challenges, it became clear that the efficient and effective management of all consecutive supply chain activities and their operations becomes a decisive factor to gain competitive advantage. In the following this work analysed the works of Leeman (2010), Boyer and Verma (2009), Bruce, Daly and Towers (2004), Bowon (2013), Randal (2011), Ray (2010), Gibson et al. (2013), Shah (2009), Sen (2008), Kandampully (2011) and Caridi et al. (2013) in order to outline the supply chain management definition, operational functions included, as well as its current changes and challenges. Geissler (2013), Rinnebach (2014), Poloian (2013), and Faulds et al. (2018) broadened the discussion analysing retail

operational and process functions, as well current changes within the retailing industry and its effects on the fashion supply chain management functions.

As a consequence, after becoming acquainted with the fashion industry characteristics, the literature review continued describing and outlining different fashion industry segments, fashion companies, especially fashion retail brands, as well as its distribution channels. By analysing the fashion industry and fashion retail brands in detail, this research gave valuable insights necessary in order to outline, analyse and discuss omnichannel strategy possibilities, constructed specifically for fashion retail brands. The first part of this chapter, namely fashion companies, outlined the fashion retail business in general, market and consumer segments, product categories as well as the topic of brand building. Key literature used include Levy and Weitz (2013), Tungate (2012), Jackson and Shaw (2009), Diamond et al. (2015), Carniene and Vienazindience (2014.1), Brun and Castelli (2008), Shen et al. (2017), Li et al. (2012), Brydges and Hracs (2018), as well as Bergvall-Forsberg and Towers (2007). It became evident that consumers all over the globe are able to buy fashion products in various markets, from a wide variety of different suppliers and via various distribution channels, from low priced fashion products in brick-and-mortar supermarkets to haute couture fashion brands online. In addition, apparel and clothing can be bought at many different places, caused by a wide variety of fashion companies, markets and distribution channels. That is why the literature review provided a comprehensive overview of fashion company characteristics.

As this research concentrates on fashion retail brands, it became important to set a clear focus right from a start and to explain the industry, its markets, companies and different channels in detail. By investigating fashion retail brands, this research added important topics of focus, namely brand definition, attributes, identity and brand characteristics. How do consumers perceive a brand and what is consumers' perspective on brand value? This chapter took a closer look at those key topics by outlining brand management operational components. Key literature used include the works of Kotler et al. (2005), Zentes et al. (2007), Okonkwo (2007), Li et al. (2012), Foroudi et al. (2015), Gentina et al. (2016), Kim et al. (2012), Ko and Megehee (2012), Davis (2009), Miller and Mills (2012), Tungate (2012), as well as Choi (2014) and Davis (2009).

Kotler et al. (2005) defined a brand as a key element in the relationship between a company and its consumers because the actual strength of a brand is to build a preference to buy the product as well as consumer loyalty. As omnichannel management includes the discussion of shopping and the brand experience, a profound knowledge of brand

management becomes essential. In order to create an efficient and functional omnichannel strategy for fashion retail brands, consumer behaviour and the reasons why they tend to purchase brands becomes important. With fashion brands, consumers do not buy a product, but an identity. As omnichannel management focuses on a seamless shopping experience for consumers, a holistic and integrated brand management strategy across different distribution channels becomes a necessity, especially when the argument is taken into account, stating that consumers first perceive a brand rather than its product offering and ask for a seamless brand experience across different channels. It becomes clear that in order to create a holistic omnichannel strategy approach for fashion retail brands, all aspects of brand management has to be considered. It is outlined that effective branding is a critical success factor as it can increase consumer loyalty, create equity and thus strengthen profitability.

One major part during the discussion on omnichannel retail management included the discussion on the most effective and efficient direction and alignment of different distribution channels towards an integrated, holistic and seamless omnichannel distribution strategy. A wide knowledge on business-to-business (B2B) and business-to-consumer (B2C) distribution channels is vital. For that reason, the literature review continued to outline all distribution channels in detail. In the following this work looked at different distribution channels and its complexity. Moreover it analysed channel conflicts of B2B and as well B2C channel developments. Key literature used include Zhang et al. (2018), Ailawadi and Farris (2017), Karray and Sigue (2017), Gen and Mallik (2007), Yan et al. (2018), Jackson and Shaw (2009) and Poloian (2013). In order to generate a deep understanding of different distribution channels, the literature review outlined the distribution channels of department stores, specialty retail stores and online channels into a close review. The research offered a great foundation with which to generate a well-founded knowledge base.

The literature review progressed by studying the evolution of the fashion retail environment in the 21st century. One mega-trend within the 21st century is beyond doubt the trend of digitalisation. The literature review examined it in detail, with the topics of mobile-commerce, data analytics, social media and in-store technology being objects of special attention. As the digitalisation influences and changes the way consumers shop, this research continued by closely analysing consumer behaviour in every aspect. As digitalisation changes the consumer behaviour towards omnichannel, both topics had been vital to be outlined and analysed in detail during the literature review.

With omnichannel management having been well-discussed, the literature review closed by conducting a detailed examination of the topic of omnichannel retail; the evolution from single- to omnichannel retail; the potential for adopting an omnichannel strategy; as well as omnichannel strategy possibilities, its implementation and management. The literature review examined and evaluated the most important, common and practical works in the literature on the fashion retail industry, its brands, the trend of digitalisation and consumer behaviour as well as topics related to omnichannel retail.

All research in the literature covering the topic of modern retail emphasised the evolution of the internet as a general game changer. Several researches, such as Al Sambar (2013), argued that despite ‘brick-and-mortar’ stores rather than ‘click-and-order’ stores remaining dominant in the consumer’s choice of where to shop, online shopping has become firmly established, whereby retailers strongly rely on the internet to direct traffic to their stores and additionally sell online. Moreover, as noted by Lessing (2013), the rapid spread of mobile devices such as smartphones and tablets has evolved the traditional e-commerce business into the so-called anywhere commerce: anything, anywhere, anytime.

Conforming to Halbach and Eckstein (2013), consumers do not distinguish between channels; rather, they jump between off- and online distribution channels without pre-defining which one to eventually use. This challenges retailers to connect all distribution channels to an efficient, integrated and comprehensive strategy that accompanies consumers during their buying process, regardless of where they shop. To understand how and in what way to adopt the new consumer shopping behaviour, retailers need to understand what caused this new retailing environment in detail. Within the discussion on the topic of omnichannel retail, it is argued that it is mainly pushed by one event and incident, which is the trend of digitalisation. Digitalisation changed consumer behaviour towards omnichannel retailing. Within the third arm of the literature review, this research analysed the topics of digitalisation, consumer behaviour and omnichannel retail in closer detail.

When discussing the development of the retail industry, several authors agreed that digitalisation has revolutionised industries, businesses and corporations as well as traditional consumer behaviour in equal measure. Niemeier et al. (2013) argued that computing power, networking and data storage capacity are the three technological pillars that characterise the so-called new retailing digital era. They analysed three forcing trends that define this digital era of retailing, which they name as mobility, measurability and

agility. In order to understand the full impact of digitalisation, all of these three pillars were explained in detail. What is more, Brook-Carter and Parsons (2014) emphasised that digitalisation has also hit fashion retail brands and thereby especially consumer behaviour and approaches to fashion shopping. It becomes important to understand and to outline how and in what way digitalisation has changed the shopping behaviour of fashion consumers, before analysing the changes and challenges of digitalisation for fashion retail brands in detail.

The third arm of the literature review connected the two previous arms covered in the chapters before, namely the fashion apparel industry and retail fashion brands, with evolutionary trends in the fashion retail environment in the 21st century. Thereby it connected all three areas of analysis, in order to answer the question of ‘what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ Besides going into detail describing the digital trends of m-commerce, data analytics, social media and in-store technology, this research continued by outlining how these trends effect and change consumer behaviour.

Several research in the literature approved a link between the trend of digitalisation and consumer behaviour (Zhang et al. (2018), Rodriguez-Torraco et al. (2017)). Park and Lee (2017), Verhoef et al. (2015), Konus et al. (2008) went further by arguing that digitalisation changed consumer behaviour, putting the retail business and management under pressure for change. Several studies analysing consumer behaviour (Sands et al. (2016), Rodriguez-Torraco et al. (2017), Hall and Towers (2017)) backed up this argument, stating that consumers inform themselves and purchase online, increasingly doing so on their smartphones and tablets. Bachem (2005) also realised that the crucial driver within the retail industry is the technological development and the associated changing consumer behaviour.

Sands et al. (2016), Rodriguez-Torraco et al. (2017), Hudson (2011), Lax and Mau (2013), and Cassab and MacLachlan (2009), argued that consumers switch from channel to channel on purpose. Several studies have confirmed consumer shopping behaviour towards omnichannel (Sands et al. (2016), Hall and Towers (2017), Von Briel (2018), Halbach and Eckstein 2013; Piercy (2012), Bloching et al. 2013). Hannich et al. (2013) found that consumers simply use the distribution channel which is most convenient for the consumers’ current situation. In addition, they use more than one channel during their shopping trip for one product or service, thus they become channel hoppers. According

to Verhoef et al. (2007), this changing consumer purchasing process will also affect the fashion apparel industry.

Dholakia et al. (2010), Sands et al. (2016), Zhang et al. (2018), von Briel (2018) and Strugatz (2015) argued that retailers have to bring online and offline operations together in order to offer its consumers a seamless shopping experience. In relation to Verhoef et al. (2015), Shen et al. (2018), Zhang et al. (2018), the overall aim of omnichannel retail is to create a seamless shopping experience for a consumer that enables them to focus on a brand rather than on a distribution channel. That becomes essential as consumers do not see different channels, but a brand as a whole.

But what is the potential for companies following the trend of omnichannel retail? Several pieces of literature (Chatterjee and Kumar (2017), Li et al. (2017), Karray and Sique (2017), Faulds et al. (2018), Brook-Carter and Parsons (2014); Hannich et al. (2013)) argued that by exploiting full omnichannel possibilities, retailers are able to increase sales and turnover, as well as push brand awareness and loyalty. However, several studies confirmed an already existing omnichannel consumer behaviour (Sands et al. (2016), Rodriguez-Torrico et al. (2017), Hall and Towers (2017), Sands et al. (2016), Halbach and Eckstein 2013). Besides all the other advantages, Bachem (2005) argued that with higher consumer expectations and requirements, integrated omnichannel retailing becomes a necessity. Heinemann (2008) further contended that ultimately it is not a question of whether to implement an omnichannel strategy, but rather how to implement it. He argued that setting it up has become a must-do for retailers today.

Several pieces of literature (Verhoef et al. (2015), Von Briel (2018), Grewal et al. (2017), Hannich et al. (2013)) argued that the change towards omnichannel retail influences companies' strategies and their organisational structures and processes, as well as methods, tools and ways of marketing and selling their products and services. Poloian (2013), Strugatz (2015), Kolbrück (2015) and Berman et al. (2004) analysed the first steps retailers have to undertake when setting up omnichannel strategy objectives. Beck and Rygl (2015) and Levin et al. (2005) argued that in order to ensure a company's long-term success, it has to find new ways to meet and exceed consumer expectations before someone else does. As stated by Grimm (2011), omnichannel management has become a central topic within retailers. Thereby, companies analyse all of their distribution channels to classify their individual strengths and weaknesses. Furthermore six points of recommendations which are crucial for retailers in order to retain its competitive position or even improve it had been described in detail. Within these six points, digitalisation,



supply-chain management and the efficient alignment of distribution channels are stated as prerequisites, all discussed and reviewed within the literature review. Thereby, this research offered a holistic overview of omnichannel focus areas, building a thorough basis for discussion.

The main focus of this research is to answer the question of ‘what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ Regarding this, several authors in the literature (Sa Vinhas, (2010); Hannich et al. (2013)) supported the argument that the current literature miss the explanation of exactly how organisations have to effectively design and manage their channels of distributions. In addition and despite the high practical need, von Briel (2018) stressed that most research on omnichannel management predominantly takes a descriptive perspective, but rarely a prescriptive approach which guides organisations towards an appropriate omnichannel strategy. As reported by Hosseini et al. (2017) and von Briel (2018) many retailers struggle to transform their businesses towards omnichannel, and research is still in its infancy.

As the topic of omnichannel is gaining greater attention of practitioners and researches alike, and at the same time as outlined by Hosseini et al. (2017) and von Briel (2018) many retailers struggle to transform their businesses towards omnichannel, and research is still in its infancy, this study outlined in detail existing strategy models. Those included Heinemann’s (2008) analyses on omnichannel readiness, its roadmap and action plan and as well as key success factors. In addition Wagner’s (2013) omnichannel playbook, omnichannel consumers’ strategy as well as the eight omnichannel success factors were described in detail. What is more Rinnebach et al.’s (2014) and Chu and Pike’s (2002) strategy models were outlined in order to guarantee a holistic overview of existing omnichannel strategy models relevant for this work.

Heinemann (2008) and his model of 7 omnichannel success factors is explained in detail, backed up with detailed information on the topic of CRM. Hannich et al. (2013) put forward the argument that several studies confirm that consumer insights and omnichannel CRM play a crucial role to secure a seamless omnichannel offer to consumers. Building on the research of Heinemann, within its strategy paper on multi-channel implementation, Rinnebach et al. (2014) built another individual concept and strategy model that companies aiming for a multi-channel strategy implementation should follow-up on. Furthermore and in addition to the research of Heinemann (2008) and

Rinnebach et al. (2014), Chu and Pike (2002) also conducted an analysis of successful cross-channel implementation.

Moreover, in a fourth omnichannel approach, Wagner (2013) outlined that a traditional multi-channel approach has to be realigned to a cross-channel approach, connecting and coordinating all individual channels. The study described a holistic approach putting the consumer in focus. This holistic approach - build upon the basis of consumer centricity - encompasses seven key areas, namely the consumer strategy, the format strategy and the areas of the 4P marketing mix: product, place, price and promotion. A similar approach was conducted by Mahrtdt (2013), who suggested that to secure a successful cross-channel implementation each organisation has to define and align its overall strategy by answering key questions on product, price, promotion and place.

After answering these questions, Wagner (2013) also outlined eight key success factors that are described as the foundation of a successful cross-channel management. Thus, according to Wagner (2013), a key step for companies within a cross-channel approach is to create an effective and well-conceived playbook. Thereby, companies have to analyse their cross-channel readiness, mission, evaluation and recommendations. By answering the questions of 'where am I', 'where do I want to be', 'what are the ways to get there' and 'what is the best possible way to choose', Wagner (2013) outlined a roadmap towards a cross-channel strategy implementation.

The literature review highlighted and analysed all necessary relevant topics in order to answer and inform the research question, its aims and objectives.

Rinnebach et al. (2012) argued that poor omnichannel offerings can be identified today within the international fashion industry. That is why Lessing (2013) stated that a well set-up and successful omnichannel retail business needs professional solutions. The literature review supported, informed and brought the various areas together in order to build the basis to provide professional solutions and to close these knowledge gaps, aiming to outline a holistic omnichannel strategy for fashion retail brands. The literature review also formed the basis for understanding fashion industry characteristics and their latest changes and challenges; to understand the fashion supply chain, distribution channels and operations; to understand the trend of digitalisation and how and in what way this trends changes the consumer behaviour and forms a new way of business, namely omnichannel retail; and to explain omnichannel in detail - its potential, strategy, implementation and management.

### 3.2. Theoretical framework – omnichannel strategy

It is argued that due to market pressure, omnichannel initiatives are receiving substantial attention at most retailers. In addition, it is noted that retailers have to find the right omnichannel formula to tailor a solution for its consumers depending on their retail segment, their mix of online and brick-and-mortar sales as well as their international market presence. The discussion on omnichannel retail points out that a well set-up, integrated and successful omnichannel retail business needs professional solutions, as for retailers omnichannel retail results in a sustainable change within distribution channels, supply chains and working cultures.

Hosseini et al. (2017) outlined that a key challenge for omnichannel retailers is to manage and implement an appropriate omnichannel strategy. However current literature and studies on omnichannel management focus on single facets only and rarely on the big picture. According to Hosseini et al. (2017) there is hardly any study that guides organisations in determining appropriate omnichannel strategy and that therefore many organisations struggle to implement an omnichannel-strategy. In addition and despite the high practical need, it is stressed that most research on omnichannel management predominantly takes a descriptive perspective, but rarely a prescriptive approach which guides organisations towards an appropriate omnichannel strategy. Von Briel (2018) outlined: *“As a result of changing consumer expectations and an increasing number of channels that require integration, many retailers struggle in their effort to move from multichannel to omnichannel retail. While the retail industry’s transition toward omnichannel retail is gaining importance, research that could provide guidance to retailers remains in its infancy.”* (Von Briel 2018, pager 2)

As the topic of omnichannel is gaining greater attention of practitioners and researches alike, and at the same time as outlined by Hosseini et al. (2017) and von Briel (2018) many retailers struggle to transform their businesses towards omnichannel, and research is still in its infancy, this study devotes special attention to the research question of ‘What is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ Therefore, the research aim is to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger.

The literature review outlined that there are several theoretical approaches which can inform the development of a successful omnichannel implementation. The theoretical framework of omnichannel strategy and implementation concepts, encompassing the ideas of Heinemann (2008), Rinnebach et al. (2014), Chu and Pike (2002), Wagner (2013)

and Mahrtdt (2013), are all described and outlined closely within the literature review. As stated before, special attention is not devoted to the ‘if’ but rather the ‘how’ to implement an omnichannel strategy within the company’s organisation.

However, before analysing the operational aspects of an omnichannel retail strategy, Poloian (2013) argued that setting a retail strategy for retailers is the first and most important step to take. A situation analysis, the differential advantage, the vision statement, goals and objectives and strategies have to be outlined first before deciding on a possible omnichannel strategy. In addition, Heinemann (2008) contended that before a company moves towards an omnichannel strategy and implementation it has to be certain about which distribution channels to manage. Thereby, all consumers, products, competitors as well as the well-defined benefits and advantages have to be defined upfront. He stated that first it has to be clarified which company goals should be followed by the implementation of an omnichannel strategy. Heinemann (2008) emphasised that it is mandatory to define clear aims, as otherwise no effective and efficient strategy implementation can be conducted. In addition, Hannich et al. (2013) pointed out that retailers have to rethink their existing distribution channel structure and strategy and restructure its channels according to its different aims and functional possibilities. This means retailers have to think about what to offer its consumers in what part of the consumer journey in what channel. Furthermore, Rinnebach et al. (2014) outlined that a company has to clarify which aims to follow as well as clearly formulating the desired position within the overall competitive environment. Wagner (2013) further outlined that companies moving towards a cross-channel strategy have to consider a defined strategic focus area, including a consumer and format strategy.

Wagner (2013) provided an omnichannel playbook, which is used as the theoretical framework for the case study of Tommy Hilfiger. This included the analysis of omnichannel readiness, mission, evaluation and recommendations. By answering the questions of where am I, where do I want to be, what are the ways to get there and what is the best possible way to choose, Wagner (2013) outlined a roadmap towards an omnichannel strategy implementation. Within this playbook, key questions to be answered are: Where does the company stay today? Where does it go, taking new trends and technology into consideration? What are the options to reach its targets? What has to be done?

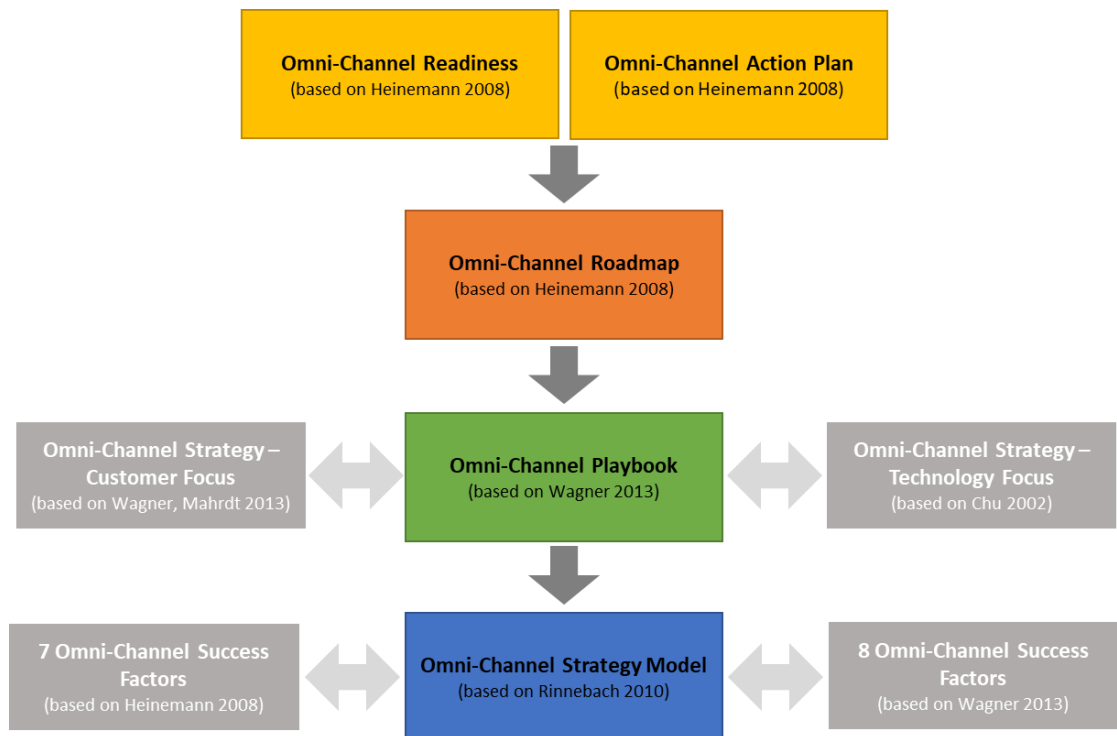
These key questions have to be answered first in order to outline a clear vision and mission statement. Following this, different methods to implement an omnichannel

strategy within a company's organisation are analysed and evaluated, including the outlined concepts of Heinemann (2008), Rinnebach et al. (2014), Chu and Pike (2002), Wagner (2013) and Mahrtdt (2013). While applying all theoretical concepts to the practical case study of Tommy Hilfiger, this research is able to analyse its direct applicability, deriving a general practical process model for fashion retail brands, thus following the overall aim of the research namely to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger. How to collect and analyse the data on different omnichannel strategy and implementation concepts in detail are described within the following chapter.

### 3.3. The conceptual omnichannel strategy model

All concepts studied within the literature review described in chapter 2 and synthesised in this chapter, formed the basis of and informed the conceptual omnichannel strategy process (the 'Alpha' Model) (See Diagram 3.1). Based on research on Tommy Hilfiger, the model is subjected to testing and refinement, resulting in the 'Beta' Model, i.e. a concrete omnichannel management strategy made by adding top management insights, experiences and reflections.

Diagram 3.1: Conceptual omnichannel strategy process model (Alpha)



Source: Conceptual model ('Alpha') based on the literature review

The first stage of the conceptual omnichannel strategy process (Diagram 3.1) focuses on Heinemann's (2008) omnichannel readiness. As described by Heinemann (2008), as part of the first step, any company should check its omnichannel ability by analysing its ability to align consumer data, processes and infrastructure. The alignment of consumer master data - thus merging all different systems by channel to one central consumer database - becomes essential. Given that consumers do not distinguish between channels, companies have to create an integrated shopping experience with an integrated service. Without a central database, this becomes impossible. The same is true for processes: Following an omnichannel strategy and thus connecting different channels, an alignment of processes becomes a basic requirement. Moreover, as argued by Heinemann (2008), the larger and older a company becomes, the more systems normally are in place. Omnichannel means creating one common view on consumers, data and processes. It is argued that to combine all different channels towards a fully integrated omnichannel setup, the alignment of the corporate infrastructure is a prerequisite. To summarise, Heinemann's (2008) analysis on omnichannel readiness focused on the ability to move towards an omnichannel strategy by looking at harmonising consumer data, processes and infrastructure.

In parallel, the first step highlights in detail the so called omnichannel playbook described by Wagner (2013). As stated by Wagner (2013), within a cross-channel approach a key step for companies is to create an effective and well-conceived playbook. Thereby, companies have to analyse their cross-channel readiness, mission, evaluation and recommendations. By answering the questions of 'where am I?', 'where do I want to be?', 'what are the ways to get there?' and 'what is the best possible way to choose?', Wagner (2013) outlined a roadmap towards a cross-channel strategy implementation. Within this playbook, key questions to be answered are: Where does the company stay today? Where does it go taking new trends and technology into consideration? What are the options to reach its targets? What has to be done?

After having analysed and evaluated the company's ability and readiness to move towards an omnichannel strategy, the second step focuses on Heinemann's (2008) omnichannel roadmap which consists of five key points. This analyses the company's cross-channel strategy, processes, culture, organisation and controlling systems, its information systems and tools, as well as its cross-channel communication. Heinemann (2008) stated that companies aiming to move towards an omnichannel strategy have to examine those key points before strategy formulation.

After having analysed the company's ability and readiness to move towards an omnichannel strategy, as well as having answered key questions necessary for any strategy formulation, the third step within the conceptual omnichannel strategy process focuses on the actual strategy formulation. Rinnebach et al.'s (2010) omnichannel strategy model is used in order to align and coordinate the company's strategy with its consumer offers and its operational functions and departments. The omnichannel strategy model outlined by Rinnebach et al. (2014) is used, supported and backed up by Wagner's (2013) and Mahrtdt's (2013) omnichannel strategy models focusing on consumers, as well as by Chu and Pike's (2002) model focusing on technology. The combination of all three concepts ensures a holistic and effective approach taking all key aspects into close consideration.

After having created a holistic and effective strategy formulation, the fourth and final step within the conceptual omnichannel strategy process model is to create a practical omnichannel action plan, based on the theoretical concept of Heinemann (2008). Whilst taking Heinemann's (2008) seven and Wagner's (2013) eight omnichannel success factors into consideration, the reviewed and analysed omnichannel action plan comprises and includes all key aspects for a successful, holistic and effective omnichannel management strategy.

To summarise, all concepts outlined within the literature review built the foundation for the conceptual (Alpha) model. As having been outlined in the course of this research and in order to generate a complete and holistic analysis of omnichannel retail management, several topics have to be discussed. Having analysed the literature in detail, it became clear that several theoretical approaches can inform the development of a successful omnichannel implementation. However, all existing research in the literature either miss a practical example or do not place sufficient emphasis on the special requirements of the fashion industry. Sa Vinhas (2010) argued that the current literature miss the explanation of exactly how organisations have to effectively design and manage their channels of distributions. Furthermore, Hannich et al. (2013) emphasised that companies have to answer the question of how to structure and manage different distribution channels to become an omnichannel company. Fetsch et al. (2015) approved this statement by stating that the main objective within an omnichannel strategy implementation and management is to integrate and combine all distribution channels and processes.

By combining, analysing, evaluating and refining all theoretical concepts within one holistic approach, this research aims to answer the overall research question of what is

the best way to build an effective and holistic omnichannel management strategy for fashion retail brands and thus to build a holistic and effective omnichannel management strategy based on the case study of Tommy Hilfiger. The following chapter describes the Methodology used to test, refine and develop the ‘Alpha model’ into the proposed ‘Beta model’ (page 202).



## **4. Methodology**

The following chapter describes the research methodology employed in this research used to test, develop and refine the Alpha model constructed from the literature review and described in chapter 3, Literature Synthesis.

### **4.1. Research question, aim and objectives**

This research addresses the research question of what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands and to test, develop and refine the Alpha model described in chapter 3. The research aim is to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger. The research objectives are:

The first objective is:

1. To examine the research in the literature and underlying concepts of a balanced, effective and comprehensive omnichannel strategy from a consumer and company's perspective.

This involves answering questions such as: what channel service outputs do consumers demand and what omnichannel consumer experiences companies do, can and want to offer?

The second objective is:

2. To analyse the current channel strategy operating within Tommy Hilfiger.

This involves answering questions such as: What are the key operational functions within a company's omnichannel operating model? How should a company build omnichannel processes, an organisational setup and infrastructure? How can a company consistently meet its consumers' and management expectations? What organisational and technology architecture is needed?

The third objective is:

3. To critically consider the alternative omnichannel options available and develop a standardised omnichannel process model optimised for different channel combinations.

The fourth and final objective is:

4. To develop an omnichannel transformation roadmap for Tommy Hilfiger based upon the third objective.

This thesis addresses the research question of what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands, in particular, to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger.

As stated at the end of the literature review section, this holistic approach has not really been addressed before in a fashion case study setting. Hence, the research methodology described is informed in part - but not wholly - by previous studies.

#### **4.2. Research philosophy**

In relation to Saunders et al. (2012), when deciding on what research philosophy to use, the researcher first has to consider the main alternative research belief systems or paradigms that are available. The philosophical approach adopted by the candidate affects a wide range of different aspects of the research, such as the basic methodological design, the choice of sample and type of data collected, the method of processing the data, how the outcomes of the analysis are interpreted, how results are converted into conclusions and the extent to which the research contributes to the knowledge base. The paradigm is defined as the collective range of beliefs, principles, limits and frameworks that define a particular approach to research. It is generally defined as a philosophical and theoretical framework and set of beliefs that are central to the laws and theories generated within a particular discipline or school of thought. In business and management research, there are two dominant paradigms, generally known as positivism and phenomenology.

Conforming to Saunders et al. (2012), the underlying foundation of positivism is the logical and scientific analysis of events. Positivism assumes that research can be conducted using logical and rational analysis. One of the primary variables used in positivism is causality. For the positivist researcher, there are only two sources of knowledge, namely logical reasoning and empirical observation. Logical reasoning is the consideration of facts using logical analysis such as mathematics. Empirical observation means developing knowledge by observing what happens and developing conclusions based upon these observations. Positivism assumes that there are independent causes leading to observed effects. In other words, there is a direct relationship between the causes and effects. According to Bryman and Bell (2015), positivism is closely linked to deductive theory, which represents the most common view of the nature of the relationship between theory and research. Deduction is concerned with quantitative

research strategy, mainly involving the testing of theories. The typical procedure is to create hypotheses based upon existing theory, test them and thus discover laws. In other words, quantitative research emphasises quantification in the collection and analysis of data. It entails a deductive approach to the relationship between theory and research, in which the accent is placed upon testing theories. It is the practices and norms of the natural scientific mode and positivism in particular and it embodies a view of social reality as an external, objective reality. It is concerned with the testing, rather than the generation of, theories.

Saunders et al. (2012) stated that phenomenology is the main alternative research paradigm to positivism. The phenomenologist adopts a very different research approach from that of the positivist. The phenomenologist seeks to involve himself or herself directly or indirectly with the sample. In positivism, objective analysis is of importance, while the subjective interpretations, opinions and ideas of the researcher are excluded. In phenomenology, these subjective elements are absorbed directly into the objective aspects of the research and are used to refine and develop the research, sometimes in real time. Phenomenology is thus often concerned with smaller sample sizes and often centres on experimental or exploratory-based research as opposed to the more hypothesis-based or hypothetic-deductive approach favoured by positivists. A major aspect of phenomenology is that it is holistic, emphasising a much wider range of different variables than positivism and seeking to understand the complex linkages that exist between these variables. As reported by Bryman and Bell (2015), in comparison to deduction, induction is based upon qualitative research strategies and the generation of theory. Thereby, it focuses on gathering facts and thus discovering and creating laws. Findings are suggested to be emerged through the process of analysis in comparison to deduction, where findings are developed as hypotheses prior to data collection. Therefore, deductive strategy is associated with a quantitative research approach, an inductive strategy of linking data and theory is typically associated with a qualitative research approach.

Qualitative research can be constructed as a research strategy that usually emphasises words rather than quantification in the collection and analysis of data. It predominantly emphasises an inductive approach to the relationship between theory and research, in which the emphasis is placed upon the generation of theories. It has rejected the practices and norms of the natural scientific model of positivism in particular in its preference for an emphasis on the ways in which individuals interpret their social world. Furthermore,

it embodies a view of social reality as a constantly-shifting emergent property of individuals' creation. It concentrates on the generation, rather than testing of, theories.

According to Guba and Lincoln (1994) paradigms are basic belief systems that are based on an ontological, epistemological and methodological assumptions. Both qualitative and quantitative methods are appropriate with any research paradigm. Guba et al. (1994) argued that the question of which method to use is secondary to the question of paradigm, thus the basic belief system that guides the researcher not only in the research method, but in ontologically and epistemologically fundamental ways. This research can be linked to what Guba et al. (1994) outlined as constructivism. Its ontology is linked to relativism; local and specific constructed realities. In this context realities are linked to individual persons or groups holding the constructions. Guba et al. (1994) explained that these constructions are not more or less true, in any absolute sense, but simply more or less informed and sophisticated. Within constructivism the epistemology is defined as transactional and subjectivist, as the researcher and the object of investigation are assumed to be interactively linked and that its findings are created in an investigational process. Ontology and epistemology lead to a methodology of individual constructions that can be elicited and refined only through interaction between and among the researcher and respondents, thus dialectical interchanges. The aim is to distil a consensus construction that is more informed and sophisticated than any of the constructions before.

This thesis aims to understand the phenomenon of omnichannel in its context and every detail. As omnichannel encompasses many areas of retail management, the researcher aims to immerse into the organisation being studied in order to experience and understand it in every detail. As stated by Krauss (2005) the methodology chosen depends on what one is trying to do rather than on a commitment to a particular paradigm. The methodology chosen must match the phenomenon of interest. This work aims to discover new facts on omnichannel management, to discover new knowledge and information. As omnichannel is a complex phenomenon qualitative research rather than quantitative research is best to come to new insights and learnings. According to Krauss (2005) quantification is limited in its nature, as it only looks at small portions of reality. This work chooses a qualitative approach in order to experience every detail of omnichannel in order to build a holistic strategy approach. As this thesis focuses on the 'how' to implement an omnichannel strategy within the company's organisation, a qualitative approach allows to grasp the point of view of different respondents from different areas

of expertise. In consequence this research adopted a phenomenological approach to the study as the most appropriate paradigm.

### **4.3. Research strategy**

This research employs an inductive exploratory-based research of a cross-sectional case study approach. Thereby, it follows the research paradigm of phenomenology. In relation to Saunders et al. (2012), as the positivist is primarily concerned with objective and quantitative research, this research aims to adopt a phenomenological approach, seeking to understand how a company works. The main advantage lies in adopting a holistic view and thereby avoiding the reductionist tendency of positivism. In order to answer the question of how to build an effective and holistic omnichannel management strategy for fashion retail brands, the researcher seeks to immerse himself as much as possible in the sample case study. The end product of the phenomenological research should suggest new theories or approaches that could be subject to subsequent positivist testing. Moreover, as current research on the topic of omnichannel management is still in progress, research in this area has to be more exploratory rather than submitting to what standard 'scientific' research allows. Thereby, phenomenological research provides the advantage of the effectiveness of an ever-changing business environment while conducting the research. Moreover, concentrating on phenomenological research answers the main drawback of positivism, namely that it produces results of limited application and may fail to adequately address the full complexity of the stated research problem. In general, phenomenology produces richer and deeper data and the researcher develops a much better understanding of why observed events are occurring as opposed to how often or how fast they are occurring.

### **4.4. Research design**

As stated by Bryman and Bell (2015), the research design refers to the general framework of collecting and analysing data. It relates to the criteria employed when evaluating business research. Reliability, replication and validity are presented as criteria for assessing the quality of business research. As this research aims to produce an invaluable and deep understanding of omnichannel management as well as creating new learnings about real-world behaviour and its meaning, this thesis follows a case study research design - one of the most common and effective designs in modern business research, according to Yin (2012).

In relation to Bryman and Bell (2015), what distinguishes a case study from other research designs is the focus on a bounded situation or system, an entity with a purpose and functioning parts. The emphasis tends to be placed upon an intensive examination of the setting. There is a tendency to associate case studies with qualitative research. By using semi-structured interviewing amongst others, a qualitative research strategy and case studies are seen as particularly helpful in generating an intensive, detailed examination of a defined case. The findings from a case study can be used to identify insights into the case, whereby cases are selected to represent a population. When the predominant research strategy is qualitative, a case study tends to take an inductive approach to the relationship between theory and research. According to Saunders et al. (2012), a single case is used when it represents a critical, extreme or unique case. Moreover, a single case is selected because it is typical, providing an opportunity to observe and analyse a phenomenon that no-one or only a few have considered before. As stated by Rinnebach et al. (2012), poor omnichannel offerings can be identified in today's international fashion industry, thus making it an interesting industry in which to research omnichannel management. The subject taken for detailed investigation is the retail brand of Tommy Hilfiger. As the company manages various distribution channels, but especially within the company's European business, most of its turnover is generated by its wholesale business. Accordingly, Tommy Hilfiger makes an ideal unique and typical single case study for analysing the research questions of omnichannel management within the fashion industry.

Yet another prominent alternative design is conducting a survey. As reported by Saunders et al. (2012), a survey is a research strategy that involves a structured collection of data. However, although a survey is more likely to be conducted in quantitative research, this thesis aims to derive mostly qualitative insights into the topic of omnichannel management and thus a survey cannot be taken as an alternative research approach within this doctoral research.

Saunders et al. (2012) stated that case study research means conducting either a cross-sectional or longitudinal approach. In a cross-sectional study, the researcher accesses the sample organisation and takes a set of appropriate data in as short as possible time. A longitudinal study is the obvious approach when the researcher is looking at long-term developments and where the main aspects of the research are time-based. Qualitative longitudinal approaches are concerned with observing and explaining social actions and developments over a period of time.

#### 4.5. Sample type, size and choice of respondents

Given that online sales penetration - especially for clothing - is expected to strongly grow in the future, while the physical shopping experience still plays an important role and poor omnichannel offerings can be identified today, the international fashion industry becomes an interesting industry for research concerning omnichannel management. In relation to Wyman (2013), the geographical markets of Germany and the UK hold the largest share of omnichannel buyers across Europe. Thus, according to Rinnebach et al. (2012), those are the most appropriate geographical markets to analyse, which is where the research focuses on accordingly.

As the focus of this research is to generate most qualitative insight into omnichannel management it uses a cross-sectional approach, as - as reported by Yin (2012) - this boosts an invaluable and deep understanding of the case studied. The subject taken for detailed cross-sectional investigation within this thesis is certainly special, with great learning possibilities. The case studied is the retail brand of Tommy Hilfiger. As the company manages various distribution channels (own-operated retail stores, brand's website Tommy.com) but especially within the company's European business, most of its turnover is generated by its wholesale business (franchise, shop-in-shop, concession, consignment, etc.), meaning that Tommy Hilfiger makes an ideal case study for analysing the research questions of omnichannel management.

However, a main case can involve several 'embedded subcases'. Key operational functions within the overall operating model are analysed. These include - among others and aside from the top management - the departments of Marketing, Product Management, Sales and Distribution, Fulfilment and Administration, all of which are summarised in Table 4.1.

Table 4.1: Key operational functions within the overall operating model

MARKETING	PRODUCT MANAGEMENT	SALES & DISTRIBUTION	FULFILLMENT	ADMINISTRATION
<ul style="list-style-type: none"><li>▪ STRATEGIC MULTI-CHANNEL MARKETING</li><li>▪ MARKETING CAMPAIGNS</li><li>▪ WEB ANALYTICS</li><li>▪ CONTENT MANAGEMENT</li><li>▪ CONTENT MNG</li><li>▪ SOCIAL MEDIA</li><li>▪ ...</li></ul>	<ul style="list-style-type: none"><li>▪ PRODUCT DEVELOPMENT</li><li>▪ SOURCING</li><li>▪ MERCHANDISING</li><li>▪ PURCHASING</li><li>▪ DEMAND &amp; SUPPLY PLAN</li><li>▪ ...</li></ul>	<ul style="list-style-type: none"><li>▪ WEBSHOP &amp; ORDER-RECEIPT</li><li>▪ WEBSHOP MANAGEMENT</li><li>▪ ...</li></ul>	<ul style="list-style-type: none"><li>▪ 3PL MANAGEMENT</li><li>▪ RETURNS</li><li>▪ WAREHOUSE MANAGEMENT</li><li>▪ IN- / OUTBOUND LOGISTICS</li><li>▪ ACCOUNTS RECEIVABLE</li><li>▪ ACCOUNT PAYABLE</li><li>▪ ...</li></ul>	<ul style="list-style-type: none"><li>▪ IT</li><li>▪ HUMAN RESOURCES</li><li>▪ LEGAL</li><li>▪ FINANCE</li><li>▪ CONTROLLING</li><li>▪ RISK MNG</li><li>▪ ...</li></ul>

Source: Own representation based on Rinnebach et al. (2012)

There are various types of samples which can be used in qualitative research, including theoretical, snowballing and purposive sampling. The sample type used in this research is a non-probability, purposive sample of 'elites' (Bryman and Bell 2015) as these are the main persons responsible for the design and implementation of the omnichannel strategy and are attached to the key operational functions described in Table 4.1 above. Issues of the 'right' sample size in qualitative research and the corresponding argument on 'saturation' are pertinent (Bryman and Bell 2015). As stated by Yin (2012), insights into a case study gain even further value if the participants are key persons in the organisations, rather than 'average' members of this group. Furthermore, he argued that these interviews - which by definition can only be held with a few people - can be called 'elite-interviews'. All interviews were held with senior people from the top management level of the company, thus they were key people and movers able to implement the strategy findings of this research. These interviewees are heading the departments which will be affected most by a holistic channel strategy. They do not know collectively a holistic channel strategy yet. So the researcher's combined their responses to questions with the literature review to suggest a holistic channel strategy and roadmap to management. These persons are heading all important central functions/departments of Tommy Hilfiger. Tommy Hilfiger has granted permission to interview whom was required and so these were the key departmental heads involved. However, it is recognised that during the research that more interviews with other key stakeholders were needed, so these were completed. No restriction was placed by Tommy Hilfiger. However as these persons are persons heading the company, they knew best (all for their department) how an omnichannel strategy should look like and what effects a holistic approach would have on overall processes etc. These persons were able to give full transparency and insight in all departments, process, etc..

As the topic discussed within the case study of Tommy Hilfiger is of a sensitive nature, expanding the interview base to further lower levels of management in the company would most probably lead to anxiety, gossip and speculation. Moreover, with the calibre and seniority of the interviewees, it is likely that 'saturation' of the topic at this strategy level would be achieved. However, if these 'elite-interviewees' suggested that further personnel in the organisation should be consulted, then the researcher did so hence effecting a 'snowball' sampling approach (Bryman and Bell 2015).

The process involved semi-structured interviews with members of the top management aimed to answer the question of where Tommy Hilfiger wishes to proceed, namely: what



is the strategic vision of the future consumer shopping experience, what is the aim for future consumer interaction, what is the aim for a future marketing mix and differentiating strategies towards competition? Answering these questions lead to insights into the overall question of where Tommy Hilfiger wants to be

Key Interviewees were Oliver Timm, CCO Tommy Hilfiger Europe; Gernot Lenz, COO of Tommy Hilfiger global; Martin Geest, Finance Director and Marie-Theres Mangelsdorf, Director Omnichannel Transformation. All affirmed their willingness for in-depth interviews by agreeing to the letters of support (see Appendix 3).

The next step was to analyse the readiness to fulfil this visionary strategy, defined by the management of different departments. What is the current situation at Tommy Hilfiger? What is the current channel mix? What is the existing know-how about omnichannel? What is the current product and price range? What channel service outputs do the consumers demand? What is the target consumer segment? What assortments do they offer in which channel at what price and what are the international standardised and differentiated consumer offerings? All semi-structured interviews were held with the management of these key departments in Düsseldorf, Germany or the global Headquarters in Amsterdam, Netherlands. Interviewees include Oliver Timm (Chief Commercial Officer), Martijn Hagman (Chief Financial Officer), Gernot Lenz (Chief Operating Officer), Alessandro de Pestel (Executive Vice President, Global Marketing and Communication), Ian Plugge (Senior Vice President, Business Development), Arne Tjalma (Senior Vice President, ICT), Chris Verduyn (Senior Director, Central Operations), Andreas Rödl (Director, e-commerce), Merav Levi (Vice President, Brand Merchandising), and Richard Assen (Vice President, Controlling)

All Interviewees and the defined timelines of the pilot test and the research are shown in Table 4.2. This shows that all Interviewees belonged either to the top management level or the senior director level. The Pilot test and its evaluation started in January 2017 and ended on in March 2017. The main research began in May and ended in August 2017.

Table 4.2: Interviewees and timelines

LEVEL	NAME	POSITION	PILOT TEST		RESEARCH	
			INTERVIEW SESSIONS	EVALUATION	INTERVIEW SESSIONS	EVALUATION
BOARD OF MANAGEMENT	Oliver Timm Gernt Lenz Martijn Hagmann	Chief Commercial Officer (CCO) Chief Operating Officer (COO) Chief Finance Officer (CFO)				
TOP MANAGEMENT	Martin Geest	Director Finance & Operations	Jan / Feb 17	Feb / Mar 17	May 17	June/Aug 17
	Marie-Theres Mangelsdorf	Director Omni-Channel Transformation				
	Markus Lacher	Director Partnership Management				
	Alessandro de Pestel	Executive Vice President, Global Marketing & Communication				
	Ian Plugge	Senior Vice President, Business Development				
	Arne Tjalma	Senior Vice President, ICT				
	Chris Verduyn	Senior Director, Central Operations				
	Andreas Rödl	Director, E-Commerce				
	Merav Levi	Vice President, Brand Merchandising				
	Richard Assen	Vice President, Controlling				

Source: Own illustration (September 2016)

#### 4.6. Data collection method and forms

Bryman and Bell (2015) argued that as case study research is linked to qualitative research strategy, it usually emphasises words rather than quantification in the collection and analysis of data. As the research strategy is inductivist, qualitative research is the increasingly established approach to business research case studies. According to Yin (2012), case studies benefit from having multiple sources of evidence, including direct observation, interviews, archival records, documents, participant observation and physical artefacts.

As reported by Yin (2012), the interview, be it a one to one or group interview, is the most widely employed method in qualitative business research. Qualitative interviewing is usually very different from interviewing in quantitative research in a number of ways. First, it is much less structured (i.e. a semi-structured interview) as in qualitative interviews there is an emphasis on the greater generality of the formulation of initial research ideas and the interviewer's own perspective. Therefore, it can be compared rather to a conversation. In qualitative interviewing, there is much greater interest in the interviewer's perspective and it offers insights into what the interviewer sees as relevant and important. Qualitative interviewing tends to be more flexible and it is focused on rich and detailed answers. Moreover, in qualitative interviews the interviewee can be interviewed on more than one and sometimes even several, occasions. In business research, it is often recommended not to include pilot study in the main study samples. Some health science researchers, such Peat, Mellis and Williams (eds.) (2002), also hold this view. However, there are other researchers, such as Thabane, Ma, Chu, Cheng, Ismaila, Rios, Robson, Thabane, Giangregorio and Goldsmith (2010) that allow (and recommend) to include pilot studies with the main study upon the condition that the same

methodology has been followed in the pilot and the main study, in order to strengthen the findings of main study.

Furthermore, Yin (2012) argued that the advantage of qualitative interviews is that asking people represents the only viable means of finding out about them. Qualitative interviews frequently entail reconstructing events by asking interviewees to think back over how a certain series of events unfolded in relation to a current situation. Moreover, interviewing can be carried out within a cross-sectional research design somewhat more easily, and repeat interviews may be easier to organise than repeat visits to participant observers' research settings. Due to the described advantages, this research follows the data collection as described above, namely semi-structured in depth interviews with members of the company's top management and/or director level. As this doctoral research is supported by the top management of Tommy Hilfiger (Appendix 3), all Interviewees were available for in-depth semi-structured interviews. A sample of the questions can be seen in Appendix.1.

#### **4.7. Data analysis method**

All interviews were tape recorded and transcribed. The first draft of the sample interview plan, which was validated during the pilot test, can be seen in Appendix1. The unit of analysis was the individual interviewee.

In relation to Bryman and Bell (2015), because qualitative data deriving from interviews typically take the form of a large corpus of unstructured textual material, they are not straightforward to analyse. Moreover, unlike quantitative data analysis, clear-cut rules about how qualitative data analysis should be carried out have not been developed. Unlike the analysis of quantitative data, there are few well-established and widely accepted rules for the analysis of qualitative data. One of the most common ways of approaching qualitative data analysis is through conducting what is referred to as thematic analysis. Computer software that assists qualitative data analysis (CAQDAS) allows the analyst to code text while working at the computer and to retrieve the coded text. The most common software-tool of analysis is NVivo. However, due to the small number of interviewees in the pilot and main study, computer assisted software was not necessary and the analysis was done by hand i.e. by a form of content analysis

After each interview session, a summary of the key points was inserted into the transcript and/or document summaries. In the main study research, this was done via a spreadsheet. Although inductive research relies on interpretation thus having a less structured analysis,

all original data was arranged into analytical categories, before it was simplified, reduced and displayed. Those categories follow the main structure of this research, mainly a) retail environment and its characteristics, looking at the evolution of the retail environment and special fashion retail industry characteristics b) general consumer dynamics, outlining consumer segmentation, multi-channel consumer characteristics and behaviour c) omni-channel retail management, analysing objectives of omni-channel retail and operational components in detail d) Case Study of Tommy Hilfiger, including the company organisational set-up, the analysis of current omni-channel activities and omni-channel mission statements.

#### **4.8. Reliability, validity and transferability**

To try and ensure reliability and validity of this research, every precaution was taken to carry out the research process and analysis with at least bias as possible, recognising that qualitative research is particularly prone to validity and reliability issues.

Bryman (2007) outlined that complete objectivity is impossible in business research. That is mainly due to issues which arise due to the reliability and validity of qualitative research. Moreover it is argued that qualitative research run into danger not being objective, difficult to replicate, and facing the problem of generalisation as well as the lack of transparency. As this research approach is a single case study and in addition, the researcher works in the company under investigation, possible issues concerning reliability and validity as well as interview bias have to be addressed right from the start.

Bryman (2007) argued that reliability and validity in qualitative business research can be assured focusing on the criteria of trustworthiness and authenticity. Trustworthiness encompasses the points of credibility, transferability, dependability, and confirmability. Credibility of this work is guaranteed by carrying out research according to the canons of good practice. This works outlines clearly defined research questions, aims and objectives as well as research philosophy, strategy and methodology. In addition credibility can be ensured by respondent validation of the interview results in order to guarantee that all answers have been understood correctly.

As the candidate is carrying out the research as an employee of the case being studied (Tommy Hilfiger), the opportunity for bias to drive direction and findings by the senior management is significant. That is why research findings have not been given to Interviewees for confirmation, as senior managers should not take over control of research outcomes by correcting and/or adjusting answers and perspectives. In addition senior

managers were not informed about who else has been interviewed, in order to avoid conflict and guarantee credibility. Moreover it has to be emphasised that the candidate did not receive any financial sponsorship/support for conducting the research. Transferability is ensured by outlining interview insights in every detail during the chapters of main study results and evaluation. At the same time and by using direct quotes this research aims to reveal a detailed and transparent analysis of research results in order to guarantee dependability as well as confirmability. Moreover this research guarantees authenticity as it represents different viewpoints, ideas and opinions among members being interviews. This research not only helps member to arrive to a better understanding, but also helps to bring together different beliefs, ideas of different people and thus helps to show and compare different perspectives.

What is more, this research has an impact and importance for further research, the community being studied and practitioners. Being a member of the case under investigation enables direct involvement with practitioners (top management board of one of the largest global fashion companies) which guarantee looking into topics important for them, and in addition provides rich insights that cannot be gained in other ways.

As stressed by Kim (2013) any researcher has to choose between the two categories of research methodology, namely inductive and deductive, which are most appropriate for the research question he is exploring. Kim (2013) argued that in operations management deductive research heavily utilizes approaches like mathematics or statistics, not being capable of capturing or explaining many of the interesting and important operations phenomena in the real-world context. What is more Kim (2013) argued that access to top managers of an interesting case company and thus unique insights can be a deciding objective of case selection.

As stated by Bryman (2007) and on the basis of Spencer et al. (2003) qualitative research should focus on several quality criteria. This research is credible, due to a clear problem definition and methodology. Moreover results show controversial perspectives and opinions. In addition interview results are made transparent and backed-up with numerous direct quotations. This research extends current knowledge and understanding. This is due to the fact that it provides key insights of a global fashion company and its managing board, thus on insights which cannot be gained in other ways. The evaluation addresses an original purpose and its scope draws a wider influence. The research has a clear basis of evaluation with a defensible research and sample design as well as the case being selected. By interviewing top managers of different areas of responsibility it

ensures a good coverage, data sources and collection. It presents a diversity of perspectives and rich data which are interpreted in a clear and transparent manner. By showing theoretical contributions as well as general practical contributions and those for the case under investigation in specific, it guarantees clear assumptions, values and output.

The candidate is carrying out research as an employee of Tommy Hilfiger, and is using his senior management connections to furnish him with data, interview bias are able to impact the research. Interview bias was limited by asking indirect and open-ended questions. This enabled to gain a better understanding of the scope of the research topic. In addition Interviewees were informed upfront that answers would stay anonymous and could not be traced back e.g. “who said what?”. Thereby this research helped interviewees to be less inclined to give untruthful answers on controversial topics and thus provide thorough, straight and honest feedback. No interview partner had to agree or disagree to someone else answers, perspectives or opinions.

Also, the researcher reported each part of analysis in a fully transparent way to allow third parties to judge for themselves and to replicate the study if intended to do so. Due to the use of a single case study, there could be the concern on generalisability. However, Tommy Hilfiger stands for one of the largest fashion retail brands worldwide, operating businesses globally. Conducting the case of Tommy Hilfiger intakes numerous operations in different countries worldwide. Where possible and appropriate, elements of generalisability were deduced. Full records, including textual data, are made available if required subject to the confidentiality agreement. An example of how the data was coded and analysed is given in Appendix 2

#### **4.9. Pilot survey details**

In order to test the questionnaire and the preliminary analysis a pilot study was conducted. According to Saunders et al. (2012), a pilot test is a small-scale study to test interviews to minimise the risks in the actual research. This pilot test was conducted upfront with 3 senior personnel in Tommy Hilfiger, chosen because they are the key elites in the divisions responsible for the design and implementation of the omnichannel strategy- Marie-Therese Mangelsdorf (Omnichannel), Martin Geest (Finance) and Markus Lacher (Operations) in the Sales Headquarters in Düsseldorf, Germany. Cross-sectional data gathering of interviewing and re-interviewing as well as its documentation for the main study, started during the 2nd quarter of 2017 and lasted for one month. Pilot testing was conducted at the beginning of January 2017 and lasted for two weeks.

As the timetable shown in Table 4.2 the pilot survey results were analysed in detail before expanding interview sessions to the full management board to account for any adjustments in the semi-structured interview questionnaires

#### **4.10. Data access**

The subject taken for detailed investigation is the retail brand of Tommy Hilfiger. Thereby access to valid organisational data was secured by the support given to the research by the company's top management board. Support was guaranteed by the letters of support from Gernot Lenz (COO, Tommy Hilfiger Global) and Oliver Timm (CCO Tommy Hilfiger EMEA). Guaranteed full access ensured the conducting of observation and interview research approaches within the overall organisation. (see Appendix 3)

Due to professional and personal relationships with members of business consultancies, access to external Interviewees fully supporting the research, is assured, if needed.

#### **4.11. Ethics**

Within all parts of the research, all issues of research ethics have been fully considered. The following aspects have been focused on: Honesty - Researching the topic of omni-channel retailing needs time. By presenting the research idea to the top management of Tommy Hilfiger upfront, all time and input needed by the relevant persons involved have been discussed. The company has guaranteed full access and support (time and data) which have been summarised within the letters of support. Integrity, Professionalism, Preparation and Trust: As the candidate is working for the company chosen for the primary case study and holds a management position, integrity, professionalism, preparation and trust are seen as a matter of course. Objectivity, Neutrality: Although the candidate is working for the company being researched, the research method of participant observation guarantees objectivity and neutrality.

Equally, all Edinburgh Business School Ethical protocols were observed, as well as the Heriot –Watt University Code of Ethics.

#### **4.12. Limitations**

Tommy Hilfiger is the major case study of this thesis, who therefore assisted and supported it. Moreover, Gernot Lenz and Oliver Timm, both members of the company's top management, agreed to fully guide, assist and support the candidate's research. This support was assured until the research's successful completion, as stated in the letters of support. As both sides (company and candidate) are acting in their joint interest, problems

(i.e. lack of response) are not expected. One possible source of bias was that the researcher is an employee of Tommy Hilfiger thus in the gathering and analysis of data, senior staff may exert undue pressures. This section (page 143) on reliability, validity and transferability outlined how and in what way the researcher attempted to guarantee trustworthiness, authenticity, and quality of the research as well as how to face the issues of all possible bias. The researcher maintained a totally objective focus throughout the research process. Other limitations are addressed during the Discussion and Conclusion chapter.



## 5. Results

### 5.1. Pilot study

As described in the Methodology chapter, the research added rich and useful information and insights to the research questions and objectives, alongside insights gained from the literature review, by interviewing key teams and departments of the company of Tommy Hilfiger who are working on the topic of omnichannel strategy and management. Those include members of the company's management board as well as leading managers of the departments of Retail Expansion, Business Development, Marketing and Central Merchandising, amongst others. Semi-structured and non-standardised in-depth interviews provided qualitative outcomes to understand reasons for decisions, attitudes and opinions.

This chapter outlines the results of formulated key questions which had been tested by conducting a pilot study as well as the results of the main study. Pilot interview sessions were held with Marie-Therese Mangelsdorf (Director Omnichannel Transformation, PVH), Martin Geest (Regional Commercial Director, PVH) and Markus Lacher (Director Partnership Management, PVH) at the Local Headquarters in Düsseldorf, Germany and the Global Headquarters in Amsterdam, Netherlands. In the following section, the pilot survey results are presented in detail. Details of the questions used are given in Appendix 1

### 5.2. Pilot study results

The following describes the results of the pilot study:

**Question 1:** *Business studies argue that a company should check its omnichannel ability/readiness by analysing its ability to align consumer data, processes and infrastructure before moving towards an omnichannel strategy implementation. In this respect it is argued that a company's very first task should be to analyse and outline its current and desired future business model. With that in mind: What kind of considerations did/should TH make before deciding to go omnichannel?*

When evaluating and analysing the pilot study results and the first question, it became clear that, independently of one another, all the interviewees emphasised that as the very first action to take, any company has to focus on the consumer.

Respondent 3 argued that:

*‘Before deciding to move towards omnichannel, every company should analyse its current and future consumer in detail, conduct market research and investigation in order to outline consumer needs and wants and adjust its vision statement accordingly’.*

In addition, Respondent 1 contended that:

*‘Companies have to stay consumer focused at any time and act according to consumer needs’.* He stated that *‘today’s and tomorrow’s consumers have to be taken into close consideration in any business decision making processes’.*

In addition to Respondent 3 and Respondent 1, Respondent 2 also argued that within any omnichannel vision statement, the consumer always has to stay in the focus. As part of his argument, he emphasised that:

*‘Companies are only able to offer efficient omnichannel services which bring sales and profit knowing what the consumer is really asking for’.*

Next to consumer centricity, a clear omnichannel definition is addressed as another crucial and important aspect which companies have to take care of at the very beginning. In this respect, Respondent 2 argued that before an omnichannel strategy call-out, management has to be clear about an explicit omnichannel definition. What does the term omnichannel stand for within the company? What does it mean in every detail?

Respondent 2 explained that a clear omnichannel definition and interpretation is a key prerequisite any company has to make before an omnichannel strategy call-out. He backed up his argument by noting that:

*‘Often the term of omnichannel strategy or management is interpreted differently by different stakeholders even within one and the same organisation’.*

For some, the term omnichannel stands for retail processes like click-and-collect, for others it stands for the creation of omnichannel assortments across different distribution channels, while others again use the buzzword of omnichannel retail when they are actually discussing digital tools like magic-mirrors or RFID technology. Ensuring clarity right from the start regarding what a certain company defines as omnichannel avoids misleading interpretations, inefficiencies and complexity, within and in-between the company’s organisation.

Independently from Respondent 2’s statement, Respondent 3 outlined a similar standpoint by arguing that:

*‘Companies have to draw a clear picture of where they are today and where they want to be in future’.*

He stated that as soon as a company is clear about the fact that its industry and with it its consumers, look and ask for omnichannel activities, then a general omnichannel call out before or without any previous in-depth analysis is not generally a bad thing to do. This is especially so for stock companies which have to present innovative initiatives in order to reassure shareholders and investors. However, Respondent 3 emphasised that at any time, companies have to be clear on what omnichannel really means for them. It became clear that both interviewees shared the same opinion that before any company calls-out and starts implementing an omnichannel strategy approach, a clear omnichannel definition and target picture has to be formulated first. What does omnichannel mean for the company? Once the management has a clear, explicit and exact definition, only then should it be introduced to the whole organisation.

But what does an omnichannel definition have to include? Respondent 2 argued that most importantly, companies have to define what they want to achieve and with what distribution channel they will achieve it with. He emphasised that:

*‘Any omnichannel strategy definition has to contain a role of the channel strategy’.*

This role of the channel strategy, in consequence, has to follow consumer behaviours, which means different channels can target different objectives like marketing goals, sales, consumer satisfaction, profitability, shopping convenience or brand experience, to name just a few. He further argued that:

*‘Only if a company is very clear on specific goals, aims and objectives by its different distribution channels, individual strategies can be summarised in one holistic and workable overall omnichannel strategy approach’.*

Furthermore, secondary omnichannel initiatives (e.g. click-and-collect, omnichannel assortments, etc.) can only be decided on if companies have a clear definition of their omnichannel role in the channel strategy.

By evaluating the interview results, it became clear that all interviewees independently of each other argued that a detailed in-depth ability or readiness check before an omnichannel strategy call-out is not really necessary. It is argued that this is due to the fact that, especially within the fashion industry, companies are often pushed towards a short-dated omnichannel strategy implementation. Respondent 1 argued that fashion

retail brands have to act In relation to what consumers demand. As fashion consumers ask for omnichannel services and expand their consumer journey across different distribution channels, fashion retail brands have to act accordingly, to realign their strategy and adjust their offerings. Respondent 1 further argued that consumers push companies to combine offline and online service attributes, which forces companies to focus on and implement omnichannel services and advanced shopping experiences straight away. Furthermore, he commented that fashion retail brands have no other choice other than to go for omnichannel solutions, with or without having conducted an ability or readiness check beforehand. Respondent 3 noted that the fashion industry represents a hard-fought competitive offer-driven industry. Thereby, he stressed that:

*‘If fashion retail brands do not offer advanced omnichannel services and innovations, they miss [the chance] to stay relevant and run the danger to disappear’.*

When talking about vision statements for fashion retail brands, Respondent 1 argued that it has to be considered that fashion retail brands in particular do not only sell a product, but also a sense of life, a good feeling consumers want to perceive when wearing the brand. In order to meet consumers’ needs, Respondent 1 contended that:

*‘Fashion retail brands have to react on new consumer values, merits and behaviours on a continuous basis’.*

He further argued that in an ever changing industry, pushed by digitalisation, it becomes difficult for fashion retail brands to draw a precise visionary picture: *‘with digitalisation on the push, resulting in an on-going changing consumer behaviour, creating a clear and holistic picture of where a company wants to be in five years’ time, becomes nearly impossible’.*

As a consequence, Respondent 1 made the case that companies should focus on a rolling vision statement which remains true to its foundations, but can be adjusted over time. Respondent 2 argued in a similar fashion by saying that companies need to call-out a rolling vision statement in order to follow the fast moving digital trends. However, he emphasised that while omnichannel front end tools may change on a constant basis, omnichannel processes and its main philosophy remains the same.

As a result of Question 1, the following key statements can be summarised: All interviewees argued that companies have to be consumer centric and focused. Consequently, the consumer decides if omnichannel activities are demanded and to what extent. As a first step, initial consumer and market investigations should be done first, in

order to build the company's strategy around what is really relevant. As a second step, after deciding to 'go omnichannel' companies should clearly define what the term 'omnichannel' really means for them. Thereby, key objectives by distribution channel have to be decided on in order to create a holistic 'role of the channel' omnichannel strategy. All interviewees agreed independently of one another that fashion retail brands are forced to implement omnichannel services, as the fashion consumer demands it. A detailed in-depth analysis on omnichannel readiness and ability is therefore redundant.

Last but not least, all interviewees argued that due to fast moving digitalisation, consumer behaviour is changing on an on-going basis and in short periods. That is why vision call-outs should be rolling, which enables companies to adjust their strategies without redefining their overall vision statement.

As a consequence, the first level of the conceptual model 'Alpha' which is based on the literature review - containing the Omnichannel Readiness approach of Heinemann (2008) and the Omnichannel Playbook by Wagner (2013) - was adjusted by introducing three pillars companies have to consider before an omnichannel strategy call out. They are:

1. Consumer Focus: Does my consumer ask for omnichannel solutions? If yes, to what extent?
2. Omnichannel Strategy: What does the term 'omnichannel' mean for me? Does everyone within the organisation have the same understanding and link the term 'omnichannel' to the same fundamental grasp? Do I have a clear role of the channel strategy approach?
3. Rolling Vision Statement: Do I take an ever changing market environment into consideration, pushed by digitalisation and resulting in on-going changing consumer behaviour?

Respondent 3 emphasised that the biggest challenge for fashion retail brands is to incorporate and transform their omnichannel vision into their operational strategy, bringing omnichannel to life. Respondent 1 also noted that the analysis of what a company has to do in order to fulfil its omnichannel vision has to come directly after its call-out, which is the focus of Question 2.

**Question 2:** *Business studies argue that before a strategy formulation, companies should analyse all of their processes, culture, organisation, controlling systems, information systems and tools upfront. With that in mind: What kind of business analysis did/should TH do before deciding to go omnichannel?*

While evaluating the pilot study results and Question 2, it became clear that, independently of one another, all interviewees emphasised that a holistic, in-depth and detailed business analysis often takes too much time, which companies do not have. Respondent 1 stressed that the fashion industry especially and its consumers, are changing fast, which puts fashion retail brands under pressure to react accordingly. Respondent 1 also stressed that fashion retail brands should do some basic omnichannel analysis, but neither a precise outcome nor an exact ROI calculation could be possible to conduct. Respondent 1 further argued that fashion retail brands are pushed to be innovative and have to invest in innovation while also taking some risks and possible losses. His argument is backed-up by Respondent 2, who argued that although there is the need to have some basic analysis, no detailed business analysis is necessary.

However, when it comes to the discussion to conduct any business analyses before omnichannel strategy formulation, all interviewees argued that fashion retail brands, as a very first action, should analyse their data structure, IT systems and processes. In addition, Respondent 3 argued that:

*‘Fashion retail brands, with the aim to integrate an overall and holistic omnichannel strategy, have to analyse its current distribution channels with the focus on data, systems and processes’.*

Respondent 1 emphasised that:

*‘IT systems and processes need to be focused on in order to implement omnichannel initiatives’.*

Meanwhile, Respondent 2 stressed that most often, companies that aim to push omnichannel initiatives, like click and collect, neglect what really has to be done, which is to focus and build up IT infrastructures and processes first.

All interviewees highlighted the fact that by following an omnichannel strategy, any company aims to integrate all distribution channels and its services, be it in-store, online or via mobile devices, in order to offer consumers a seamless and flexible shopping experience. Without one holistic and integrated IT infrastructure across all channels, being able to combine data and processes towards a holistic approach, all interviewees argued independently of one another that omnichannel management is simply not possible.

A missed analysis and evaluation of data, systems and processes, Respondent 2 argued, is also a result of a missing omnichannel definition. If a company does not define omnichannel, people do not know the end target and thus do not know the way to get there. Respondent 3 supported this statement by saying that:

*‘Companies should not concentrate too much on omnichannel end results, but on the way to get there’.*

Moreover, within all interview sessions, a convenient IT infrastructure was seen as the prerequisite for any successful omnichannel activities. Respondent 1 argued that:

*‘Analysing and building a suitable omnichannel IT landscape is the basis for every step to follow’.*

Respondent 2 continued this argument by noting that:

*‘Before omnichannel strategy call out and because of the reason that within an omnichannel business environment different tools and processes have to be interlinked, companies should concentrate on building one holistic IT system landscape with the help of IT solution architects and process specialists’.*

Furthermore, he emphasised that if fashion retail brands miss analytical skills, external help from omnichannel specialists is beneficial.

By having a clear omnichannel definition and vision statement and a formulated channel strategy, Respondent 3 argued, an in-depth analysis on existing distribution channels has to be seen as yet another prerequisite. This, he noted, is especially true for international fashion retail brands, in order to match possible channel strategies with the overall vision statement. Where are my biggest overlaps? Where are the insulated channels? What are specific and individual processes and requirements within each distribution channel? Where do I have consistencies? Respondent 3 concluded that these or similar questions have to be analysed and answered by a special omnichannel project team, consisting of channel experts with clear responsibilities. He stressed that good project management preparation is key for any omnichannel success. Respondent 1 emphasised that in order to set-up and implement an omnichannel strategy across the company and between all departments, one strong team or person is needed with a direct link to the company’s CEO. With that in place, he argued, this team or person is responsible for overseeing all omnichannel processes and coordinates and manages the entire omnichannel transformation across the company.

Question 2 of the interview session aimed to verify the necessity of a detailed omnichannel roadmap companies should build before moving towards omnichannel strategy implementation. With the open question of ‘what kind of business analysis did/should TH do before deciding to go omnichannel?’ all interviewees gave the same answer independently of one another, which is to analyse data structures, IT systems and processes. Are those set and ready to fulfil any omnichannel and role of the channel strategy? Are they able to operate an integrated system across different distribution channels and consumer touch points?

Next to data, IT systems and processes, all interviewees stressed the necessity to build an omnichannel transformation team, consisting of project-managers, distribution channel specialists as well as IT solution architects. It is recommended to link this core team directly to the CEO, as change management has to be led from the top.

As a consequence of these analyses, the second level of the conceptual model ‘Alpha’ which is based on the literature review, containing the Omnichannel Roadmap approach of Heinemann (2008), was adjusted by the following focus points:

4. IT Infrastructure: Are my data, IT systems and processes ready to fulfil my omnichannel and role of the channel strategy? Is my company being able to operate an integrated system across different distribution channels and consumer touch points?
5. Omnichannel Management: Do I have an omnichannel transformation team in place, consisting of the right people with a direct link to the company’s CEO?

**Question 3:** *Business studies argue that when setting up and defining an omnichannel strategy, companies have to align and coordinate its strategy with its consumer offers and its operational functions and departments. With that in mind: How did/should TH link its omnichannel strategy to its consumer offers, departments and functions?*

When answering Question 3, Respondent 3 argued that the translation and introduction of an omnichannel strategy into consumer offers, departments and functions is highly dependent on the previously defined role of the channel strategy. Respondent 3 further stressed that fashion retail brands have to decide and answer the question of what services to offer in which channel before. He argued that:

*‘It is either to offer everything in all channels or to concentrate on channel specific advantages’.*



Also, Respondent 2 argued that:

*'A clear channel strategy formulation is the prerequisite for any decisions related on product, price, place, promotion and people'.*

It is argued that the role of the channel strategy, which originates from the analysis of consumers' demand, has to focus on exploiting different channel advantages, such as convenience and availability received when buying online or the higher shopping experience when buying offline. Respondent 2 explained that within an omnichannel strategy approach, fashion retail brands have to find the perfect way to leverage channel specific advantages. These considerations, however, have to be done at the very beginning within the company's omnichannel and role of the channel strategy formulation.

All interviewees agreed that once a fashion retail brand has a clear omnichannel strategy, the 4P marketing mix can be a useful tool and guideline in order to implement the strategy into operational practice. Respondent 2 argued that fashion retail brands have to set clear decisions on which product should be sold in which distribution channel. While the price should be consistent between all channels, he suggested that beside an omnichannel core assortment, product offers could vary between channels.

Next to the omnichannel alignment of the 4P marketing mix decision, Respondent 3 emphasised the need to evaluate if the existing organisational structure is still sufficient for the defined omnichannel approach (geographical, divisional, channel structure, etc.). He argued that:

*'The highest barrier for a successful omnichannel strategy implementation is a silo thinking and mind-set of any company'.*

Furthermore, he contended that the company's organisational structure has to follow its strategy towards omnichannel management and distribution. All departments and people have to be involved and integrated right from the start in order to fight against silo thinking. This, he noted, takes time and management by perception. Respondent 1 put forward a similar argument by stating that:

*'Once a fashion retail brand decided to implement an omnichannel strategy, this has to be done within the entire organisation'.*

Furthermore, Respondent 2 argued that:

*'The biggest challenge of a successful omnichannel strategy is culture and mind-set with companies and to adopt an omnichannel philosophy in all parts of a business'.*

One decisive objective of this research is to answer the question of how fashion retail brands should incorporate their wholesale business within their overall omnichannel strategy. Further investigation on how it is possible to build omnichannel business without harming but rather strengthening existing wholesale businesses and partners is needed. How can an omnichannel strategy be connected with vertical cooperation with B2B partners? How should a company develop an omnichannel strategy incorporating wholesale partners? Although the wholesale partners sell the retail brand's merchandise, they do it under their own name. Accordingly, how can fashion retail brands establish a seamless shopping experience at the points of sale of the wholesale partner without cannibalising the company's own operated retailer stores and website?

By answering this question, Respondent 1 stressed that:

*'It is much easier to implement an omnichannel strategy for fashion retail brands, which have full control over all of their distribution channels'.*

Respondent 3 supported this argument, but emphasised that:

*'Fashion retail brands have no other choice but to integrate and incorporate the traditional wholesale business within one holistic omnichannel strategy approach'.*

All interviewees argued independently of one another that the business models of concession and consignment are able to accomplish this. Respondent 3 argued that a holistic omnichannel strategy which intakes the traditional wholesale business can be accomplished by fashion retail brands taking over ownership of all of their points of sale. Moreover, he noted that although concession and consignment models create more risks for fashion retail brands (e.g. inventory), it has to be seen as a possible and workable model for fashion retail brands to own, manage, control and align the traditional wholesale business with an integrated omnichannel strategy. Respondent 2 progressed this argument by saying:

*'The businesses of concession and consignment will grow in the coming years anyhow', although it will take some time.*

This, he explained, is due to the fact that department stores will become more and more cash-flow orientated, moving away from advanced payment models towards concession and consignment agreements.

Next to concession and consignment, all interviewees independently from one another underlined individual and customised business partnership models as yet another

possibility to integrate the traditional wholesale business within omnichannel strategies of fashion retail brands. Respondent 1 argued that:

*‘Partnership models are able to achieve great and sustainable growth’.*

He cited the Zalando partnership model as an example, in which Zalando does not manage its online web shop any longer, but offers fashion retail brands the opportunity to use its platform to manage and sell its products independently. Thereby, Zalando moves away from buying, merchandising and selling products of retail fashion brands itself, but towards becoming an intermediary, while allowing fashion retail brands to use its selling-platform. Alongside this, Respondent 2 cited other possibilities, such as integrating online platforms of fashion retail brands to local department-store homepages, or integrating physical digital selling tools on the department store shop floor, linked to the fashion retail brands own e.com platform and warehouse. Respondent 3 stressed another possibility, taking patterns of partnership models of international airlines as a role model. By introducing refund agreements and EDI, he argued, consumers would be able to buy a product at one place and return it at any other place, be it within the fashion brands mono-label store, online or within department stores of wholesale partners. This would hold another great advantage for consumers, which is greater stock availability. Furthermore, Respondent 1 pointed out that these kind of partnership models have great advantages for both sides, wholesale partners and fashion retail brands, as whether the product is shipped from the fashion retail brand’s or wholesale partner’s inventory, it is preventing no-sales caused by missing stock. Following his previous argument, Respondent 1 preferred a trial and error method in order to test possible omnichannel partnership models, even if its implementation and management can be difficult or bumpy at the beginning. He argued that partnership models have to be developed in detail, including the discussion on an EDI implementation, but unlike well-wrought models, pilot testing would pay off fairly quickly, ensuring fashion retail brands enjoy increased consumer satisfaction.

As a consequence of the pilot study analyses, the following assumption on the third level of the conceptual model ‘Alpha’ - which is based on the literature review, containing the Omnichannel Strategy Model of Rinnebach et al. (2014) as made: Wagner’s (2013) model of omnichannel strategy is seen as a workable guideline for fashion retail brands to translate and introduce an omnichannel strategy into its operational business. Within his approach, Wagner (2013) outlined that companies moving towards an omnichannel strategy have to consider questions related to several focus areas, including: Consumer

Strategy: What are my consumers today and in the future? What are the consumers with whom I am able to grow my business? Format Strategy: How do my consumer segments differ between my distribution channels? What is the strategy with which I am able to reach my consumers in the best possible manner within each individual distribution channel? Product: With what kind of products and assortments am I able to approach my consumer groups in the best possible manner? Place: Which products do I have to place and sell where to maximise sales? Price: What is the best possible pricing strategy to optimise margins and image? Promotion: Which products do I have to promote to maximise traffic and increase sales?

Alongside a decision on the 4P Marketing Mix, it was stressed that structure has to follow strategy and therefore the organisational set-up, roles and responsibilities have to be evaluated carefully in order to guarantee a clear omnichannel strategy enablement. All interviewees argued that a company's culture and mind-set towards or against omnichannel strategy, is a decisive factor for success.

The analysis of the first three questions has also shown that from an operational business perspective, all interviewees followed the approach of a simple but focused 'hands-on' omnichannel strategy approach. Less in-depth analysis in advance, more trial and error, with a clear omnichannel definition guided by consumer demand and a clear target picture. The analysis of Question 3 shows that the same applies for the integration of the traditional wholesale business within the fashion retail brand's omnichannel strategy. Here all interviewees put forward concession and consignment as well as individual customised business partnership models as the best possible approach to integrate the traditional wholesale business within fashion retail brand's omnichannel strategy.

6. Strategy implementation: Do I have a clearly defined and formulated consumer and format strategy in place? Do I have clearly defined and formulated strategies on product, price, place and promotion in place, all linked to my omnichannel and role of the channel strategy?
7. Organisational set-up: Following the principle of 'structure follows strategy': Does my organisation set-up enable an omnichannel strategy implementation or do I have to adjust roles and responsibilities accordingly?
8. Wholesale Business: Have I set-up and thought about possible wholesale integration models? Am I able to test and pilot concession and consignment models and/or individual customised partnership models?

**Question 4:** *Once they have defined a clear omnichannel strategy, business studies argue that companies should formulate a clear omnichannel action plan, following and focusing on omnichannel success drivers. With that in mind: How does/should TH's action plan look like in order to create, implement and manage a truly holistic omnichannel strategy?*

When answering the question of a possible action plan towards omnichannel strategy implementation, all interviewees emphasised yet again that fashion retail brands have to be clear on what strategy to follow in which distribution channel by knowing consumer needs and wants. In this respect, Respondent 2 argued that:

*'The discussion on a holistic IT infrastructure and processes is often missed in most theoretical models on omnichannel solutions'.*

Thereby, he explained that the discussion on an omnichannel IT infrastructure also has to include the topic of master data management. One single point of truth is needed in order to feed all tools, systems and processes equally in all channels. Respondent 1 stressed again that before looking at action plans, any fashion retail brand has to build functional IT systems and processes as these build the basis for any successful omnichannel strategy implementation. Meanwhile, Respondent 3 argued that as a very first action, fashion retail brands have to set up data, systems and processes correctly, as he sees this as the key omnichannel success factor. Similar to Respondent 2, Respondent 3 also argued for clean master data across all channels to be a prerequisite for any omnichannel initiative.

After setting basic omnichannel requirements, all interviewees stated independently of one another that a central omnichannel transformation team, consisting of project managers as well as channel and IT specialists, should implement different omnichannel initiatives, like click and collect or omnichannel CRM, in parallel and with a form of 'trial and error' mentality. Respondent 1 argued that:

*'Omnichannel initiatives have to be tested in parallel and on an ongoing basis in order to stay ahead of time and push new developments'.*

Furthermore, Respondent 2 outlined that once a fashion retail brand has worked out an omnichannel definition and strategy, it should set clear omnichannel projects. Respondent 3 stressed that companies, although following a 'trial and error' mentality, have to build a professional attitude towards omnichannel strategy implementation by introducing a sophisticated project management approach. Respondent 3 commented that:

*‘Efficient omnichannel project management avoids complex and expensive mistakes within the decision making process and prevent companies to do things just for the sake of doing it’.*

In his opinion, an omnichannel action plan has to be guided by a clear omnichannel vision and strategy, with the focus on substantive actions rather than on quick wins. In this respect, Respondent 2 opined that:

*‘Omnichannel initiatives should be set up by integrating holistic and sustainable solutions rather than with building workarounds’.*

In order to create a ‘trial and error’ mentality in which omnichannel ideas and initiatives can be tested in the field, Respondent 1 emphasised that companies should build an omnichannel transformation team with open-minded, young and innovative people. He argued that an omnichannel is driven by the people working for the company. Thereby, fashion retail brands should hire specialists, who force omnichannel initiatives, rather than people who have to be convinced or persuaded. Respondent 1 further stressed that the top-management has the responsibility to build a positive attitude towards omnichannel strategy and its initiatives.

When studying all interviewees’ answers on the question of what a possible omnichannel action plan should look like, it became clear that all of them were more in favour of creating an omnichannel test-field, in which different initiatives can be tested. This has to be controlled by a dedicated omnichannel transformation team with a proper approach of project management. In order to do this, all interviewees emphasised yet again that the basic requirements (clear focus on consumer demand, clear omnichannel definition, role of the channel strategy, IT infrastructure, processes and systems, as well as clean master data) all discussed before have to be accomplished first.

9. Omnichannel test field: Do I create an innovative and open-minded omnichannel transformation team and an omnichannel test field in order to test omnichannel initiatives in a form of ‘trial and error’ mentality, guided by efficient project management solutions?

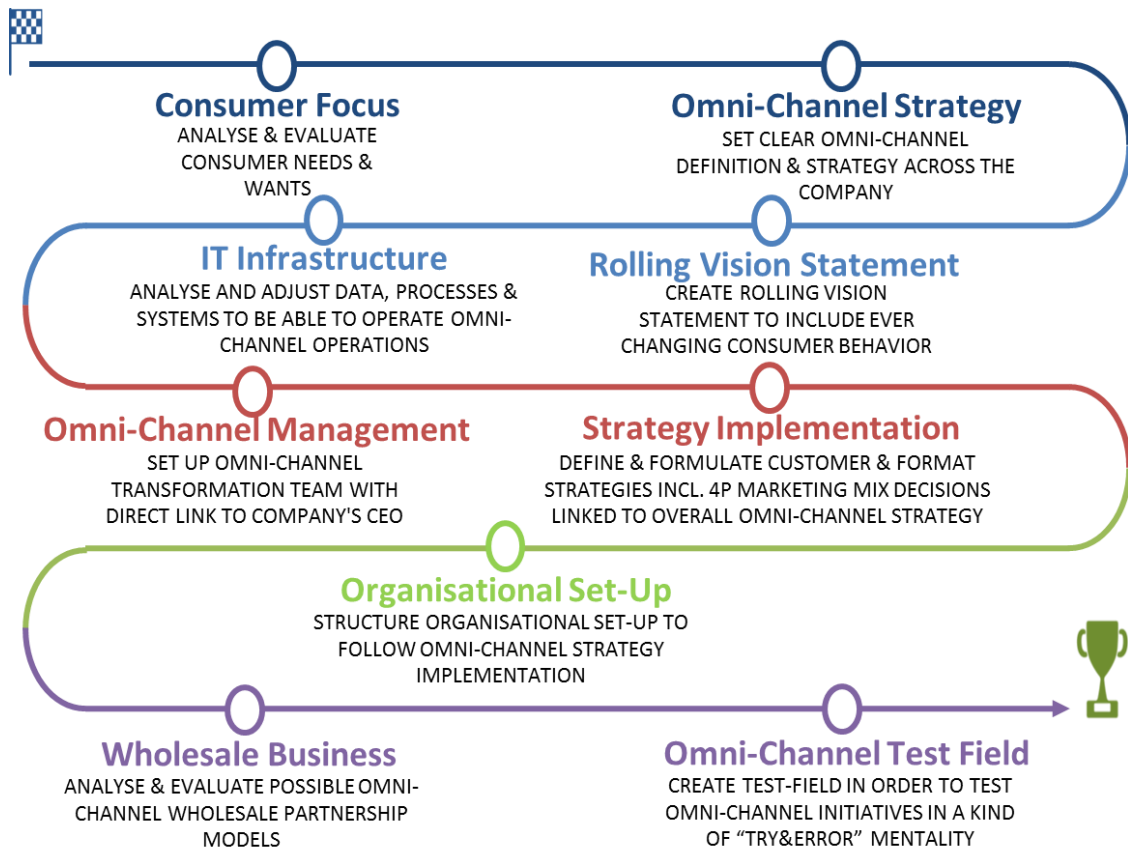
### **5.3. Pilot study evaluation**

The pilot study results clarified the following: all interviewees independently of one another argued that detailed analyses, evaluations and plans for omnichannel readiness, roadmaps and action plans involve the danger of losing time. Thus, it is argued that,

especially within the fashion industry, companies are often pushed towards a short-term omnichannel strategy implementation, and that fashion retail brands have to act according to what consumers demand, in a very short period of time. The fashion consumer's demand for omnichannel services is rapidly increasing and, due to the ongoing evolution of digitalisation, is also changing day by day. Due to the expansion of the consumer journey across different distribution channels, fashion retail brands have to act accordingly, to realign their strategy and adjust their offerings at short notice, and to adapt permanently to new market trends and consumer behaviours. All interviewees stressed that if fashion retail brands have not offered advanced omnichannel services and innovations by now, then they are missing the opportunity to stay relevant today, and run the risk of disappearing tomorrow.

Regarding the question of omnichannel implementation, all interviewees argued that retail fashion brands first have to set their omnichannel basics, such as a clear omnichannel definition and strategy, a strategy for the role of channels, as well as creating a workable omnichannel IT infrastructure. Moreover, it was argued that after setting its basic omnichannel requirements, a central omnichannel transformation team, consisting of project managers as well as channel and IT specialists, should implement different omnichannel initiatives, such as click and collect or omnichannel CRM, in parallel and in a form of 'trial and error' mentality. This 'trial and error' mentality has to be managed with a professional attitude towards omnichannel strategy implementation, by introducing a sophisticated project management approach. Furthermore, in order to create a 'trial and error' mentality in which omnichannel ideas and initiatives can be tested in the field, all interviewees emphasised that companies should build an omnichannel transformation team with open-minded, young and innovative people. As a result of the pilot study, nine steps towards omnichannel implementation were defined, all summarised in Diagram 5.1.

Diagram 5.1: Adjusted conceptual omnichannel strategy process model (after the pilot study)



Source: Author (March 2017)

Within the first step, 'Consumer Focus', retail fashion brands manufacturers should analyse and evaluate consumer needs and wants. The central question of: Does my consumer ask for omnichannel solutions and if yes, to what extent? should be answered. Within the second step of 'Omnichannel Strategy', companies should set a clear omnichannel definition and strategy across the company. Here, different questions should be answered, including: What does the term 'omnichannel' mean for me? Does everyone within the organisation have the same understanding, and link the term 'omnichannel' to the same fundamental aspects? Do I have a clear role in the channel strategy approach? Step 3, namely 'Rolling Vision Statement', proposes creating a rolling vision statement to take account of ever-changing consumer behaviour. For instance: Do I take an ever-changing market environment into consideration, pushed by digitalisation and resulting on-going changing consumer behaviour? Within the fourth step, fashion retail brands should focus on IT infrastructure, and analyse and adjust data, processes and systems to enable them to operate omnichannel operations. Here, it is necessary to ask: Are my data, IT systems and processes ready to fulfil my omnichannel and role-of-channel strategy? Is



my company able to operate an integrated system across different distribution channels and consumer contact points? The fifth step should focus on ‘Omnichannel Management’, in order to set up an omnichannel transformation team with a direct link to the CEO. Here, the key question is: Do I have an omnichannel transformation team in place, consisting of the right people, with a direct link to the company’s CEO? Step number six examines ‘Strategy Implementation’, to define and formulate consumer and format strategies, including 4P marketing-mix decisions linked to the overall omnichannel strategy defined in step 2. For instance: Do I have a clearly defined and formulated consumer and format strategy in place? Do I have clearly defined and formulated strategies in place for product, price, place and promotion, all linked to my omnichannel and role-of-channel strategy? The seventh step focuses on the ‘Organisational Set-Up’, which means structuring the organisational set-up to follow omnichannel strategy implementation. Following the attitude of ‘structure follows strategy’: Does my organisation set-up enable an omnichannel strategy implementation, or do I have to adjust roles and responsibilities accordingly? Step 8 focuses attention on the ‘Wholesale Business’, in order to analyse and evaluate possible omnichannel wholesale partnership models. ‘Have I set up and thought about possible wholesale integration models? Am I able to test and pilot concession and consignment models and/or individual customised partnership models? Last but not least, Step 9 focuses on an ‘Omnichannel Test Field’, thereby creating a test field in order to test omnichannel initiatives in the form of a ‘trial and error’ mentality. In other words: Have I created an innovative and open-minded omnichannel transformation team and an omnichannel test field in order to test omnichannel initiatives in the form of a ‘trial and error’ mentality, guided by efficient project management solutions.

The results of the pilot study vindicated the questions used in the questionnaires, as they were all understandable by the recipients and elicited the answers required to answer the research objectives. Pilot interview results showed that questions were answered in different ways and allow different opinions and perspectives and thus gave insights on what interviewee sees as relevant and important. Interview questions accomplish rich and detailed answers. In addition questions enable a clear flow during the interview session following to answer the research objective at any time. Pilot study also contributed to the refinement of the ‘Alpha’ model described at the end of Chapter 3, the totality of which refinement (the ‘Beta’ model) is revealed after the conclusion of the main study results. Which came as a surprise but as a clear result and undisputable fact, this pilot research did not see any need to adjust or change pilot questions for the main study.

## 5.4. Main study

As described within the methodology chapter, this research added rich and useful information and insights to the research questions and objectives, alongside insights gained from the literature review, by interviewing key teams and departments, as well as members of the board of Tommy Hilfiger who are working on the topic of omnichannel strategy and management. These included chief executives of the company's global top management board, as well as leading managers of the departments of Business Development, E-Commerce, IT, Brand Merchandising, Marketing and Communications, amongst others. Semi-structured and non-standardised in-depth interviews provide qualitative outcomes that reveal the reasons for respondents' decisions, attitudes and opinions.

The following section of this chapter presents the analysis and outlines the results of the research interviews conducted during the main study. As the pilot study and its interview questions were proven to yield valid insights for answering the overall research questions, the same questions were asked to additional Interviewees within the main study. Interviews were conducted with chief executives of the Tommy Hilfiger company, from various business areas. Different viewpoints and opinions from different areas of the business enrich and extend this research's results.

Specifically, interview sessions were conducted with Oliver Timm (Chief Commercial Officer), Martijn Hagman (Chief Financial Officer), Gernot Lenz (Chief Operating Officer), Alessandro de Pestel (Executive Vice President, Global Marketing and Communication), Ian Plugge (Senior Vice President, Business Development), Arne Tjalma (Senior Vice President, ICT), Chris Verduyn (Senior Director, Central Operations), Andreas Rödl (Director, e-commerce), Merav Levi (Vice President, Brand Merchandising), and Richard Assen (Vice President, Controlling).

## 5.5. Main study results

**Question 1:** *Business studies argue that a company should check its omnichannel ability/readiness by analysing its ability to align consumer data, processes and infrastructure before moving towards an omnichannel strategy implementation. In this respect it is argued that a company's very first task should be to analyse and outline its current and desired future business model. With that in mind: What kind of considerations did/should TH make before deciding to go omnichannel?*

It was found that within the pilot study, and also within the main study, all interviewees independently of one another emphasised consumer focus as the being most important aspect within any organisational strategy and vision statement.

Within this general agreement, Respondent 4 outlined that in order to be consumer-focused, companies have to carefully consider different consumer needs in different markets and channels. It was argued that international companies in particular should examine individual and local needs, as consumers show different shopping behaviours in different markets and between different channels. Respondent 5 insisted that consumers decided what initiatives companies must focus on. It was outlined that in a more sophisticated retail environment, consumers expect more. Respondent 7 stated clearly:

*'If you want to have the highest return, you have to sell how the consumers wish to buy.'*

In addition, Respondent 9 argued that companies have to put the consumer at the centre of everything they do. Respondent 8 emphasised that final decisions on omnichannel initiatives can only be made when a company has enough data to analyse consumer insights.

*'Data and consumer insights will drive decision making in future.'*

Respondent 8 stressed that omnichannel and decisions on marketing mix have to go hand-in-hand with strong data and data analytics, in order to move from assumptions and gut feeling towards data-based decisions. Also, Respondent 11 emphasised that companies need to understand their consumers better in order to analyse what, when, why and how they buy; only afterwards companies can act accordingly. Respondent 12 said that companies are only able to know how to act and what to change once they have analysed data and know what consumers want. Putting consumers at the centre of any omnichannel strategy and vision, as well as being able to analyse consumer behaviour, is seen as a prerequisite for omnichannel success. With this in mind, Respondent 6 answered the question of what should be done first within an organisational transformation towards omnichannel:

*'Without the very early omnichannel vision announcement by our CEO, we as a company would have never started any omnichannel initiatives!'*

With this statement, Respondent 6 argued further that companies need to call out a vision first, as otherwise nothing will change. It is not necessary to conduct an ability or

readiness check first, but simply to call out the vision, and the company, its organisation, processes and structure will evolve over time. Respondent 6 also emphasised:

*‘Without calling out an omnichannel vision statement first, companies will never start to move towards it.’*

Respondent 12 had a similar argument, saying that companies should call out an omnichannel vision first and start to define it in detail afterwards:

*‘Calling it out first and to move into a kind of learning process is much smarter than analysing everything in detail before, and thereby losing time in today’s fast-changing market environment.’*

Within all interviews, the fast-changing market environment pushed by digitalisation was stated as a decisive factor when discussing the ability and readiness check, simply because such checks take time. In this respect, Respondent 11 outlined that time has become an important aspect in today’s fast-moving fashion industry, arguing that:

*‘Especially, retailing companies have to call out an omnichannel vision now, in order to follow new and already existing omnichannel consumer needs.’*

Respondent 11 outlined that consumers are already educated to ‘act omnichannel’. If some companies are not offering any omnichannel solutions or initiatives, consumers will not understand; this makes an early omnichannel vision call-out important and practically inevitable.

To conclude, during every interview session, it became immediately clear that every interviewee answered in the negative regarding whether there was the need to conduct a readiness and ability check before calling out an omnichannel vision. Respondent 4 argued that in theory it would always be good to ask the question ‘Are we ready?’, and to analyse critical success factors before any vision call-out. But in real life, as consumers and especially the fashion industry is moving very fast, there is simply no time to overanalyse. Respondent 5 developed this argument by saying that as most consumers look for omnichannel offers already, and are getting used to them, companies need to move fast, or they will have difficulty surviving. Respondent 6 had a similar viewpoint, arguing that consumers are asking for omnichannel solutions, leaving companies no choice or time for any readiness or ability checks.

A similar argument was stressed by Respondent 12, who emphasised that consumers do not wait for omnichannel solutions. Most often, companies spend too much time analysing their internal ability. Respondent 10 elaborated this argument by saying:

*'In a perfect world you would do all kinds of readiness studies and then come up with a roadmap of how to implement omnichannel afterwards. And if you as a company are very early and have a strong vision and you started five years ago, you would have had the time to do so. But as most companies are not pioneering, now you need to analyse what is happening in the industry around you, pick up decisive elements which are relevant, and follow up on them very fast.'*

Respondent 10 underlined that companies become pressurised to act straight away. Peers, competitors, and most importantly, consumers are pushing fashion brands to offer omnichannel initiatives and services. Respondent 10 also argued:

*'At the end, consumers drive and determine your strategy and timeline, giving you no time for any detailed readiness or ability checks.'*

Respondent 4 raised the point that:

*'There is a big risk not to go omnichannel, as other companies and brands will go that direction and consumers will reward it. The market and its consumers are asking for it.'*

Similar to other interviewees, Respondent 9 put forward the argument that:

*'Companies, especially from a brand and consumer perspective, have no other choice than moving towards omnichannel, as otherwise you are out of the game.'*

In addition, Respondent 9 argued that:

*'Most companies simply don't have the time to conduct a readiness check, because companies like Amazon are not only big, but also very fast, putting the pressure on their competitors to act even faster.'*

Moreover, Respondent 9 emphasised that the vision statement has to be clear and easy to understand, in order to guarantee an efficient and effective communication across the company.

Strengthening the argument of Respondent 9 to call out an omnichannel vision as fast as possible, Respondent 11 put it even more strongly, arguing that:

*‘Companies do not have the choice to decide if to move towards omnichannel. They have to ask the question if they want to survive.’*

Respondent 11 insisted that there is no choice other than to go omnichannel; hence, it is irrelevant to ask ‘Are you ready?’ Respondent 11 argued that:

*‘The question answers itself: you have to be ready or get ready sooner than later! Of course it would be better to outline a detailed readiness or ability check before, but companies are not in the situation to do so. Most companies lag behind already, and thus they have the pressure to act now. In 99% of all cases, a readiness or ability check before calling out an omnichannel vision makes no sense, as companies need to get ready no matter what the answer will be!’*

In addition, Respondent 4 raised the point that within any readiness and ability check, companies would always find a reason or a risk not to go omnichannel, which would automatically lead to the wrong conclusion, as there is in fact no choice. Respondent 4 insisted:

*‘Companies have to start!’*

Likewise, Respondent 8 outlined that if companies analyse everything in detail before calling out an omnichannel vision statement, they will never be ready to go, because they will never move.

*‘There are too many anchors from the past which tell you don’t do it! It is a complete new way of working, new processes, and a new mind-set companies are confronted with. But they have to start and try.’*

Respondent 8 emphasised that this is true, especially for companies that have not yet started any omnichannel initiatives, as otherwise they would be fighting for survival.

In contrast to other interviewees, Respondent 7 was the only participant who proposed that companies have to be careful before calling out an omnichannel vision:

*‘It is not necessary to conduct a detailed readiness or ability check, but to reflect where you are as a company today and where you want to be in future, and to analyse the gaps to fill.’*

Respondent 7 also raised the point that:

*‘Most companies never really pause and take the time to think about their vision, but keep on running.’*

Given that any company's vision, mission and strategy must be delivered top-down, Respondent 7 suggested that before calling out a vision statement, top management should sit together and discuss its target consumers, where the company wants to be in future, and what has to be done to get there. Respondent 7 insisted that:

*'Most companies have good ideas about omnichannel, but no clear vision and strategic approach.'*

However, Respondent 7 also pointed out the fact that it is essential to call out an omnichannel vision sooner rather than later, in order for every department and division to know how the company aims to develop in future. As described before, this argument coincides with those of all other respondents.

Similarly to the results of the pilot study, the main study also produced several arguments that focused on a rolling vision statement. Respondent 5 stressed the argument that due to digitalisation, technology is advancing very fast, which makes it even more difficult for companies to check its ability and readiness. Respondent 5 outlined:

*'What is relevant today, could be outdated tomorrow.'*

Respondent 4 argued in a similar manner, saying that in the case of omnichannel it is difficult to conduct any readiness or ability check, because there are no or very few empirical values or case studies to refer to. Respondent 12 recommended that:

*'To follow on a rolling and ongoing vision statement focusing on constant improvement will develop the business over time.'*

Respondent 12 stressed that companies should incorporate new market trends and developments within their vision statement on a continuous basis; thus, they will automatically be able to cope with and reinforce new omnichannel initiatives on an ongoing basis, rather than trying to do it all at once.

During the discussion on omnichannel and how and when to incorporate it within a company's vision statement, all interviewees independently from one another raised one important aspect as a key prerequisite: specifically, to outline and agree on one clear and consistent omnichannel definition across the company right from the start. Respondent 4 argued that if this is not achieved, there is the danger that different parts of the business will have a different definition and are not streamlined towards one consistent target picture. Respondent 5 insisted that most often, different people and departments within

the same company have different definitions of the term ‘omnichannel’, and thus do not follow the same route. Respondent 5 argued that:

*‘Only with a clear omnichannel definition people are able to know where to move. It is important to clarify what omnichannel means for the organisation, and that it not only covers digitalisation, but a different thinking on how to present your product and brand in the markets in various distribution channels.’*

Respondent 6 argued that people from different departments within one company need a common target picture, in order to know the firm’s direction.

*‘A clear definition becomes crucial in order to guarantee that everyone is running in the same direction.’*

Respondent 7 put forward the argument that:

*‘Everyone in the company should have a common understanding of where the company wants to go, where the consumers go and what to do. That’s why a clear omnichannel definition is crucial. If it’s not in place, companies should pause for a moment and define their omnichannel definition and vision until everyone knows in which direction to go.’*

Respondent 9 argued that before doing something, companies should be clear about what the term ‘omnichannel’ means for them. Different industries and markets have different role models, which means they diverge in their omnichannel definitions. Respondent 9 emphasised that there first has to be a clear, specific individual omnichannel definition in each company. Similarly to all other interviewees, Respondent 12 said that:

*‘First companies have to define: what is omnichannel?’*

Respondent 12 stressed that this means companies must critically reflect on what aspect of omnichannel makes it suitable for them, always by considering the consumer first, and their respective market and business sector. In contrast to all other interviewees, Respondent 12 was the only one who insisted that within a pilot phase, different omnichannel definitions in different departments within a single company would not harm the business. Nonetheless, Respondent 12 also proposed that the more a company moves towards omnichannel, the more important it becomes to provide one consistent definition across the company and in all departments.

Evaluation of the interview results clarified that, similarly to the pilot study, all interviewees in the main study argued independently that a detailed in-depth ability or readiness check before an omnichannel vision call-out is not essential. This is because



fashion retail brands have no choice other than to go omnichannel, with or without conducting an ability or readiness check beforehand. Also similarly to the pilot study, all interviewees in the main study agreed independently of one another that fashion retail brands are forced to implement omnichannel services and solutions, as the fashion consumer demands them.

To conclude, all three aspects analysed within the pilot study – namely consumer focus, omnichannel strategy, and rolling vision statement – are regarded similarly within the main study. All respondents emphasised consumer focus as the most important aspect. All respondents stressed that consumers use, ask for, search for, do not wait for, push and award omnichannel initiatives and services. There was a common agreement that companies have to be consumer-centric and align their vision and strategy according to consumer needs.

Again similarly to the pilot study, during the main study, all respondents that defining the term ‘omnichannel’ should be prioritised before calling out an omnichannel vision statement. It was stressed that it is crucial that everyone within the organisation has the same understanding, and links the term ‘omnichannel’ to the same fundamental goals.

After consumer-centricity and a clear omnichannel definition, an early omnichannel vision call-out was mentioned and emphasised as the most important task. Similarly to the pilot study, it was stressed that an ever-changing market environment has to be taken into consideration, thus requiring a rolling vision statement.

As a consequence, the first level of the conceptual model ‘Alpha’, which was based on the omnichannel readiness approach by Heinemann (2008) and the omnichannel playbook by Wagner (2013) (see the literature review), can be adjusted by introducing three pillars that companies must consider before an omnichannel strategy call-out. These are:

1. Consumer Focus: I have to be consumer-centric! Does my consumer ask for omnichannel solutions? If yes, to what extent?
2. Omnichannel Definition: I have to create a clear and common omnichannel definition. What does the term ‘omnichannel’ mean for me and the organisation? Does everyone in the organisation have the same understanding and link the term ‘omnichannel’ to the same fundamental goals?

3. Rolling Vision Statement: I need to call out a rolling omnichannel vision statement. Do I have a vision in place? Was it announced? Is everyone in the company aware of the way the company is going? Do I take an ever-changing market environment into consideration, pushed by digitalisation and resulting in ongoing changing consumer behaviour?

**Question 2:** *Business studies argue that before a strategy formulation, companies should analyse all of their processes, culture, organisation, controlling systems, information systems and tools upfront. With that in mind: What kind of business analysis did/should TH do before deciding to go omnichannel?*

In the interview sessions, it became evident that all respondents independently of one another emphasised that every company aiming to move towards omnichannel is faced with the challenge of first devising and outlining a clear and understandable channel strategy. Given that ‘omnichannel’ means linking and streamlining all existing channels, Respondent 10 clarified that:

*‘If you have a diverse business model and the more multichannel you have been, the more difficult it will get to move towards omnichannel.’*

Respondent 9 underlined this argument, stating that ‘multichannel’ means that companies manage different channels with different strategic approaches. With omnichannel, these diverse approaches must be streamlined. In this respect, Respondent 10 stressed that the step from multi- towards omnichannel management is often difficult and complex:

*‘To build a company from a multi- towards an omnichannel company is a hell of an exercise because structures, people, processes, systems and interactions with your consumer, all have to be rebuilt.’*

Respondent 10 supported this argument, saying that although moving from multi- towards omnichannel offers great opportunities, it also adds effort, time, money and additional complexity. Respondent 10 argued:

*‘If there would not be such a pressure from the end-consumer to move towards omnichannel, I rather would stay in the existing multichannel business model.’*

However, to cope with added complexity and in order to streamline new business practices, Respondent 7 pointed out the importance of calling out an omnichannel vision first, and that the next step was to translate that vision into specific roles for each channel. Respondent 7 also stated that companies have to answer the question of:

*'Where do we want to be and how do we get there, and what does that mean for the different distribution channels?'*

As with all other respondents, Respondent 4 insisted on first defining a well-conceived channel strategy. It was also argued that this channel strategy has to be clear to everyone, internally and externally. As omnichannel needs strong alignment between distribution channels and markets, Respondent 4 highlighted yet again the importance of conducting a channel strategy first. The same argument was proposed by Respondent 11:

*'Having a clear channel strategy approach is the first thing to do.'*

Respondent 9 broadened the discussion, arguing that companies need to think and build a clear channel strategy, as otherwise they would not be able to exploit all business opportunities that omnichannel offers. Respondent 9 argued that one of the biggest advantages of pursuing an omnichannel strategy is to streamline different distribution channels in order to advance the overall stock situation:

*'The biggest advantage of omnichannel is to advance the company's stock situation.'*

Thereby, Respondent 9 outlined that omnichannel allows stock to be shared between channels; this causes increased stock flexibility, which increases overall profitability. In addition, Respondent 9 argued that especially in the fashion industry, due to its short-term product trends, companies have to fight against increasing stock levels. An omnichannel approach enables companies to move stock around and between different channels, thus improving overall profitability and releasing tied capital. Respondent 9 emphasised that these advantages can only be obtained once a company is clear about its overall channel strategy. Also, Respondent 10 pointed out that shared inventory between different distribution channels is one of biggest advantages of omnichannel:

*'The basic idea of omnichannel is the exploit the possibility to move inventory around where you can sell products at the best possible price.'*

Furthermore, within the process of setting up an overall channel strategy, Respondent 5 outlined that companies should not only consider how to connect retail with e-commerce or how to combine inventory, but also how to set up and manage the brand and its perception across different channels. Respondent 5 outlined:

*'Managing a brand across different channels and at the same time to secure a clear and conceptional brand message is one of the key challenges of omnichannel management.'*

A similar argument was raised by Respondent 6, who stated that omnichannel requires creating and sustaining a common brand message across different distribution channels. Respondent 5 made the point that:

*'In terms of efficient omnichannel management, brand message, a brand's DNA, added value, storytelling ... all need to be very clear across and between different channels.'*

Respondent 11 argued that companies can think about following different strategies by channel, but that they must conclude with an overall omnichannel strategy. Similarly, Respondent stated:

*'The sum of a clear strategy by channel has to sum up to an omnichannel strategy.'*

Respondent 5 outlined that in order to create an overall omnichannel strategy, companies must start by thinking channel by channel. This enables an understanding of why some consumers prefer one channel to another, and to add value by channel wherever needed. As mentioned before, Respondent 5 argued that once a company is certain about specific channel requirements, this leads towards an overall omnichannel strategy. A similar argument was raised by Respondent 11: because different consumers prefer different channels, each channel should be analysed individually first. Respondent 5 outlined a so-called 'role-of-channel strategy'. Respondent 6 stressed that within omnichannel management, companies must take into consideration all distribution channels, including retail, e-commerce, wholesale, franchises, and even licence partners. Respondent 6 emphasised:

*'Retail, e-com, wholesale, franchise and licence, all channels play a decisive part within an overall omnichannel strategy.'*

Also, Respondent 12 advised conducting an individual consideration by channel and market, to avoid harming and underestimating individual requirements. Nonetheless, Respondent 12 also made clear that in consequence, an overall channel strategy combining retail, e-commerce and wholesale is inevitable.

Within the discussion on the 'role-of-channel strategy', Respondent 6 argued that fashion companies must consider the ever-changing retail environment. It was argued that distribution channels are changing fast, with online pure-players getting a bigger stake, and online stores of traditional wholesale partners gaining market share. In addition, Respondent 7 outlined that business methods are also constantly changing, with new ways of selling emerging, such as business models of concession and consignment.

Furthermore, international distributors are gaining market share, increasing their business across national borders. In this respect, Respondent 7 argued that fashion brands need to be able to react and adjust their business accordingly. Consequently, all respondents agreed that the most efficient means of strategy formulation was channel-by-channel analysis, which was summarised to obtain an overall omnichannel strategy.

Within the discussion on building and streamlining different strategies towards one common omnichannel strategy, Respondent 8 pointed out yet another challenge. This is to streamline and connect businesses within an industry in which companies are traditionally managed by different areas of responsibility, which are spread in terms of distribution channels, divisions or geographical sales areas. Now, with omnichannel, companies must align these elements.

*‘Omnichannel could result in a clash of kingdoms.’*

Respondent 11 identified a similar challenge, but stressed the importance that:

*‘Companies do not have to think of what is best for the company, but what the consumer expects and demands.’*

During the discussion on omnichannel strategy set-up, most respondents outlined clear prerequisites for following an omnichannel strategy implementation. Respondent 4 emphasised that in today’s ever-changing market environment, one major success factor for companies is to become flexible in all activities, in order to adjust rapidly to new trends and business processes when needed. Respondent 4 argued:

*‘As a company you have to find the right balance between flexibility and standardisation – standardise your basics to be flexible to adapt to change.’*

In this respect, Respondent 4 argued that before moving towards omnichannel, different departments have to focus on what is needed at this stage, and should establish basic requirements in order to start.

One decisive topic which was mentioned by several respondents was the issue of master-data management. Respondent 4 emphasised that efficient master-data management was the major basic requirement before moving towards omnichannel. It was argued that companies can manage omnichannel initiatives only if they have clean data for consumers, distribution channels and products, amongst others.

Respondent 9 proposed that master-data management must be taken seriously from the outset as one of the most important omnichannel prerequisites. In addition, Respondent

11 stressed that clean master data has to be seen as a prerequisite for any omnichannel initiative. As an example, Respondent 11 stated that article and product information, such as style, names and numbers, must be identical across different distribution channels: this enables consumers to easily find them across channels, and merchandise can be moved easily between them. Thus, functional master-data management enables consumers to find and purchase the same product through a combination of channels.

Respondent 9 expanded the topic of master-data management, arguing that such data must be clean and maintain clean. Master data also includes high-quality pictures and marketing campaigns. Also Respondent 11 stated clearly that style names, colours, sizes, etc., must be consistent in all channels, as consumers need to find consistency in all channels.

*‘Without clear central functions, who oversees e.g. article master data, omnichannel becomes difficult to implement.’*

Respondent 4 argued that clean master data would not only enable omnichannel, but can also build a strong competitive advantage. Respondent 4 said that omnichannel requires the ability to act fast; this promotes new topics such as big data, including real-time and predictive analytics, and will thus become an even bigger topic in future.

Respondent 9 outlined that once companies decide to move towards omnichannel, they have to build a strong basis to cope with and manage it. It was argued that most of such basics are IT-related topics, such as ensuring a functional and operative business process system system that can manage different distribution channels and stock movements, as well as being able to cope with master-data management and analysing consumer insights.

Respondent 10 argued that companies have to establish a functional business process system system first in order to follow up on topics such as click-and-collect, as companies have to be able to move inventory between different channels. Respondent 9 argued that those tasks might sound easy, but:

*‘(...) changing IT and ERP systems is a huge project on its own, intaking high investments in terms of time and money.’*

In addition to master data and IT systems, Respondent 4 outlined change management as yet another prerequisite focus for companies when first moving towards omnichannel. Respondent 7 argued in a similar manner, outlining that most companies who want to

move into a new era must fight against old habits and cultural borders. In this respect, Respondent 7 outlined:

*‘Omnichannel means changing your business that is why change management is a huge thing and to has to be considered from the very first moment.’*

Moreover, Respondent 7 outlined that most companies need to fight against old habits and adherence to traditional business models. Consequently, most companies aiming to achieve omnichannel face huge difficulties in realising and understanding why they should change at all. In this respect, Respondent 7 argued that as soon as companies call out an omnichannel vision, they think this means they are changing; however, they remain working with their old habits, infrastructure, organisational set-up and IT landscape. Respondent 7 emphasised:

*‘Omnichannel means to reframe your business in all areas. You should not be attached to your history.’*

As well as change management, another key topic that was addressed by several respondents independently from one another was the issue of how omnichannel should be organised and coordinated within one organisation. In this respect, Respondent 6 emphasised that in order to implement a successful omnichannel strategy, every department, division, channel and market had to be streamlined and coordinated toward common goals. It was stressed that functional and operational silos with individual goals and targets towards omnichannel can decelerate its overall implementation. Respondent 9 said:

*‘The biggest challenge is that today retail thinks retail, wholesale thinks wholesale and e-com thinks e-com.’*

In addition, Respondent 11 stressed a similar argument, stating that as soon as different functional silos pursue different omnichannel goals, a successful overall omnichannel implementation is hard to achieve. Respondent 11 emphasised that a clear functional set-up right from the start is an essential prerequisite for a successful omnichannel solution. Respondent 9 outlined that the only way to start a successful and efficient omnichannel strategy implementation is to start from the top, with change management initiated by key members of the top management. This was regarded as the only way for all business areas to move towards one common integrated goal. Respondent 11 said:

*‘Within omnichannel strategy implementation, change management is key, and in order to guarantee a common mind-set, omnichannel has to be lived from the top. Living omnichannel from the top is vital!’*

As stressed before, Respondent 6 emphasised yet again that as omnichannel touches every department within an organisation, a common vision is essential. In addition, it was argued that all teams must be coordinated with common goals. It was even argued that reducing a profit-and-loss focus on specific departments, divisions or distribution channels would help to streamline individual targets towards common goals.

During the discussion and interview sessions, several respondents also stressed the importance of considering how omnichannel affects the organisational structure. Respondent 6 emphasised:

*‘With the evolution of omnichannel management, companies should ensure that its organisational set-up is flexible enough to adapt to changes and be able to evolve over time.’*

Respondent 7 explained that omnichannel usually also challenges and affects existing organisational setups. It was argued that omnichannel can force companies to rethink and rebuild their current structure. Respondent 9 outlined that whatever organisational set-up companies are choosing, whether strongly hierarchical or matrix-orientated,

*‘(...) managing omnichannel means that someone needs to live it from above.’*

Respondent 8 supported this argument by outlining that different heads of distribution, such as wholesale, retail and e-commerce departments, need to work closely together in order to run an omnichannel strategy successfully. That is why Respondent 12 argued that companies need to carefully analyse from the outset how to manage and control the topic of omnichannel. Be it in retail, wholesale or e-commerce, ultimately all have to work hand in hand. Respondent 12 said:

*‘Isolated communication between distribution channels becomes a problem the more omnichannel is transported and worked with within the entire organisation.’*

In summary, Question 2 of the interview session aimed to verify the necessity of fashion brands building a detailed omnichannel roadmap before moving towards omnichannel strategy implementation. Within the pilot study, all respondents independently from one another stated that analysing data structure, IT systems and processes were the most essential prerequisites for omnichannel strategy implementation. In addition to data, IT



systems and process, all pilot interviewees stressed the necessity of building an omnichannel transformation team, consisting of project managers, distribution channels specialists, as well as IT solution architects.

Within the main study, in the interview sessions for Question 2 it became clear that all respondents independently of one another emphasised that every company aiming to move towards omnichannel is faced with the challenge of designing a clear and understandable channel strategy first. Thus, in comparison with the pilot phase, in the main study the need for a clear ‘role-of-channel strategy formulation’ was mentioned as the fourth focus area, after addressing consumer focus, omnichannel definition and a rolling vision statement.

Within the main study, it was found that most respondents pointed out the importance of calling out an omnichannel vision first, and as a next step, translating that vision into specific roles for each channel. Most respondents argued that companies can think about following different strategies for each channel, but must ultimately combine them in an overall omnichannel strategy approach. This is because a company must be certain about specific channel requirements in order to achieve an overall omnichannel strategy. All respondents agreed that analysing channel by channel in order to produce an overall omnichannel strategy was the most efficient means of strategy formulation. Moreover, it was argued that the company’s overall ‘role-of-channel strategy’ has to be clearly communicated to everyone, internally and externally.

In addition to the role-of-channel strategy, all respondents recommended that companies aiming for omnichannel strategy implementation must become flexible in all activities: this allows them to adjust to new trends and business processes quickly when needed. As well as a focus on flexibility, establishing the basics was mentioned as yet another omnichannel prerequisite. This included having a functional and operative business process system system that enables omnichannel management, including stock movements between channels, master-data management and consumer insights, to name just a few requirements. All respondents outlined that companies needed to establish a functional omnichannel business process system system first.

Furthermore, in addition to the role-of-channel strategy and IT infrastructure, all respondents emphasised change management as being another prerequisite for companies moving towards omnichannel strategy implementation. It was argued that because most companies have to fight against old habits and thus adhere to traditional business models,

calling out an omnichannel vision is not enough: it has to be ‘lived from the top’. All respondents argued that change management has to be initiated by all members of the top management, in order to move and align all business areas towards common goals. At this stage, the task is not to focus on how to coordinate omnichannel initiatives between different teams, but to align functional and operational silos, mainly involving distribution channels, towards common goals and targets. Supporting this argument, it was stressed that different heads of distribution, such as wholesale, retail and e-commerce, need to work closely together in order to run an omnichannel strategy successfully. All channels have to work hand in hand, which can only succeed if the process is initiated and demonstrated by top management.

As a consequence, the second level of the conceptual model ‘Alpha’, which was based on the literature review’s discussion of the Omnichannel Roadmap approach of Heinemann (2008), can be adjusted by adding the following focus points:

4. Role-of-Channel Strategy: Where do I want to be and how do I get there, and what does that mean for the different distribution channels? What is my channel-specific strategy, and how does it contribute to an overall omnichannel strategy approach? Do I have a clear role in the channel strategy approach? Does everyone understand the strategy?

5. IT Infrastructure: Are my data, IT systems and processes ready to fulfil my omnichannel and role-of-channel strategy? Is my company able to operate an integrated system across different distribution channels and consumer touch points? Does my business process system enable omnichannel management?

6. Change Management: Do I ‘live omnichannel’ from top the top? Do I focus on change management within all areas in the business, initiated and lived by the top management? Do all my distribution channels have common goals and work towards them hand in hand?

**Question 3:** *Business studies argue that when setting up and defining an omnichannel strategy, companies have to align and coordinate their strategy with their consumer offers and their operational functions and departments. With that in mind: How did/should TH link its omnichannel strategy to its consumer offers, departments and functions?*

When answering the question of how fashion brands should set up and manage marketing-mix decisions within an omnichannel strategy approach, Respondent 5 emphasised that

companies first need to understand how an omnichannel approach affects marketing-mix decisions, and vice versa. It was argued that most companies do not understand the full impact of their decisions. Respondent 5 argued that most companies fail to consider that the online channel makes all activities transparent. Consumers are provided with full transparency on all marketing, pricing and product decisions, no matter where and in which sales channel. Respondent 5 emphasised that companies have to understand and deal with this fact:

*'Every decision on marketing-mix strategies gets transparent via online.'*

Following this discussion, all respondents independently from one another pointed out that within an omnichannel strategy, and due to full transparency online, companies have to monitor a well-designed pricing strategy. Respondent 4 outlined that within an omnichannel strategy, companies must attempt to oversee and control their pricing strategy as much as possible, and follow an alignment between different channels without infringing cartel laws. Respondent 4 said:

*'The internet gives consumers full transparency, and thus forces companies to align their pricing strategy, as otherwise consumers get confused.'*

Also, Respondent 9 outlined the importance of strategic pricing, and emphasised that within omnichannel business, fashion brands must be consistent between different channels and markets, especially regarding price. Respondent 6 argued:

*'If consumers see different prices for one and the same product they get confused, and most probably won't purchase, as they will think they are being deceived.'*

Respondent 9 stated clearly that any company moving towards omnichannel must focus on aligning prices as much as possible. Moreover, during the discussion on the topic of marketing-mix product and assortment decisions within an omnichannel strategy approach, it became evident that different respondents had different opinions on the best possible solution.

Within this discussion, Respondent 11 argued that in most fashion brands, similar products and styles can be found in different divisions. The example was cited of sports brands that manage different divisions, such as Football and Running, which both sell similar products such as white T-shirts. Respondent 11 outlined that having different divisions is not the wrong strategy, but deciding to move towards omnichannel forces companies to streamline and control one central merchandise strategy, instead of

individual strategies by division. Similarly to all other respondents, Respondent 11 insisted that online makes everything transparent, and that therefore companies must carefully coordinate and focus synergies between division and product lines. It was suggested that one team should decide on one global brand direction, which is then translated and coordinated among all divisions, even at the level of product category if needed. It was argued that consumers need a clear brand message: if they find similar products with different brands and prices within one company, they might get confused. Respondent 11 insisted:

*'Brands have to give consumers orientation. It is important to connect product to brand message, to service!'*

In addition, Respondent 8 was also convinced that once a fashion brand decides to follow an omnichannel strategy, selling similar products in different divisions will create challenges. Within this argument, Respondent 8 recommended controlling product decisions across all divisions and channels from one central leading role. Also, Respondent 5 argued that fashion companies which manage different sub-brands need to have clear product and assortment separations, in order to prevent confusion for the end-consumer. It was argued that if similar products are sold in different divisions, then price is the only criterion that leads to the purchasing decision. Having a clear product and/or assortment differentiation should not result in different ways of distribution. Respondent 6 outlined that different sub-brands should be sold in all channels equally, supporting the argument that a clear product and assortment separation is a key prerequisite.

Furthermore, Respondent 12 argued that fashion brands need to make clear product statements in terms of quality and price, especially if a fashion brand is managing different sub-brands. Respondent 6 outlined that different sub-brands, divisions and distribution channels usually compete with each other. Thus, Respondent 6 emphasised that a clear merchandise and product strategy is needed, as otherwise different segments of the same company would compete for market share.

In contrast, Respondent 6 argued that it is difficult to create one omnichannel assortment which fulfils every consumer's need for diverse markets. Respondent 6 suggested creating one common brand image, and promoting this message across all channels, but with different individual product assortments. A similar argument was proposed by Respondent 8, who outlined that in order to follow up an omnichannel strategy with a consistent brand image, fashion brands should sell 40% of the same products across and

between all channels and markets, with 60% of products being adjusted to specific needs. Thereby, consumers are able to rediscover the same ‘product stories’ between different markets, but would also see new products every time. Moreover, having an omnichannel assortment would enable the marketing department to spread the same brand message across different channels. In this respect, Respondent 8 argued:

*‘It is healthy to show one face to the end-consumer, because it keeps a strong DNA of the brand everywhere.’*

Respondent 8 outlined that in order to take full advantage of an omnichannel strategy, successful products and product stories should be highlighted in all distribution channels equally. Core assortments could be spread across global PR, social media and marketing campaigns, and could also be displayed in all shop windows, catalogues and stores, regardless of distribution channel. Respondent 8 emphasised that whatever decisions are taken regarding marketing mix, omnichannel forces fashion brands to achieve a recognisable product community across channels, supported by public relations, shop windows and social media.

Respondent 12 supported the argument of addressing specific needs by market or channel, in order to avoid the danger of becoming boring if consumers see the same merchandise everywhere. In this respect, Respondent 12 argued that fashion companies need to spread the same brand message across the globe, and core products should be purchasable in every channel. Respondent 12 also said:

*‘Take an underwear division: as an international fashion company it is not possible to spread the same marketing message in liberal New York as in traditional Saudi Arabia – products and marketing messages have to differ.’*

Respondent 12 emphasised that for fashion brands, brand image and assortments have to overlap in order to give the same message; however, at a certain point, every brand has to adapt to local needs. In contrast to other arguments, Respondent 10 even challenged the basic idea of creating one core omnichannel assortment that appears across different channels, arguing that:

*‘I think that it is old-fashioned thinking already that assortment and product offers should be the same across all channels.’*

Moreover, Respondent 10 argued that a single distribution channel, such as the online business, could be managed as a completely different channel with a different target group, incorporated within an overall brand architecture.

*'It could be a channel to go completely different, with a different offer.'*

In contrast to all other interviewees, Respondent 10 also proposed that omnichannel and a streamlined product offering could mean losing specific consumer groups. Respondent 10 argued that within multichannel, companies would be able to target different consumer groups, whereas with omnichannel everything is streamlined. Thus, Respondent 10 made the point that companies should carefully consider whether an omnichannel assortment will truly maximise their business opportunities. This argument was supported by Respondent 11, who stated that not every product should be sold in every channel:

*'In order to offer consumers a shopping experience across channels, it could be an option to discover different products in different channels.'*

This argument states that no matter what distribution strategy any fashion brand is following, selling only one product in one specific distribution channel does not work. This is in clear opposition to Respondent 12, who stated:

*'If you want to dictate to your consumer which channel they should shop in, this will never work!'*

Within the discussion of how to market products within an omnichannel strategy, it is important to not merely decide on which brands, assortments and products to sell in which channel. Respondent 5 argued that when fashion brands are formulating their marketing mix within an omnichannel strategy, it is important to focus on where to get the greatest benefits by channel. Thus, it was argued that in order to avoid competition between channels, each channel should focus on its individual competitive advantage.

Within this discussion, different respondents had different opinions. Respondent 7 argued that fashion brands should use their self-owned and -operated retail stores to showcase core assortments and to deliver the full brand experience. Respondent 11 put forward a similar argument, stating that brands' retail stores should be used to show and broadcast the brand, whereas the online store should have the full product and assortment range. It was argued that thereby both offline and online channels would profit from each other and use their synergies.

Within the discussion on a well-designed and consistent marketing-mix strategy, Respondent 5 emphasised that for an omnichannel strategy, fashion brands in particular must carefully manage their logos, marketing content and story-telling. In order to avoid consumer confusion, streamlining communication towards one consistent brand message between different channels and across different markets was seen as a prerequisite for avoiding consumer confusion. Also, Respondent 9 proposed that whether or not products being sold in different distribution channels, all should be linked to the same marketing message:

*'Different assortments in different channels are fine, as long as consumers clearly understand the overall brand strategy.'*

Respondent 5 insisted that consumers, especially for fashion brands, always expect additional services and story-telling. Thereby it was argued that for fashion companies, managing and maintaining a brand is a huge advantage, as it enables better story-telling. Respondent 5 argued that within the fashion industry, consumers most often buy products because of the brand and the lifestyle it embodies, rather than its simple product characteristics. Also, Respondent 6 argued that the most important asset fashion brands have is the brand itself: it is important to retain and use it in an optimal way. In addition, Respondent 12 emphasised once more the importance of sending a clear and consistent brand image to consumers, to prevent them becoming confused.

Furthermore, during the interview session, all respondents outlined independently from one another that a consumer segmentation would help to coordinate and streamline marketing decisions within an omnichannel environment. Respondent 7 outlined that fashion brands should map and cluster their distribution channels by size, location and brand image, and manage the assortment accordingly. Ultimately, fashion brands need to know where particular consumers shop, and align their product offers accordingly. Also, Respondent 5 argued that a consumer segmentation could help to sell the right product in the right place, at the right price. Respondent 5 argued that consumer segmentation helps companies to decide on which products to sell in which channel. As a consequence, the company's distribution becomes less price-driven, with a greater focus on the brand image. Respondent 5 raised the point that brands need to control marketing and services across channels in order to keep brand message aligned, as it would otherwise become diluted and uncontrollable. It was argued that segmentation would help brands to cluster products to fit consumer needs by distribution channel.

As mentioned before, Respondent 12 outlined that when different products are sold in different channels, a clear role for the channel strategy must first be defined and formulated. This being done, consumer segmentation could help to guarantee that the right product is sold in the right place. In this respect, Respondent 7 argued that fashion brands need to select carefully which products are sold in which channel, and to which target consumer. Respondent 6 said that depending on the competitor landscape in terms of channel and point of sale, fashion brands should decide which products to offer, whether they are high-, medium- or low-priced:

*'In A-cities with A-locations you show your A-assortment.'*

The discussion made clear that most respondents had different ideas and opinions of how to set up the best possible marketing mix. However, all respondents were consistent in their statements that fashion brands, as soon as they decide to move towards omnichannel, should consider a clearly defined and formulated consumer and format strategy, as well as clearly defined and formulated strategies on product, price, place and promotion; all of which are linked to the overall omnichannel and role-of-channel strategy.

Regarding the question of how to align and coordinate omnichannel within an organisation and between different departments and divisions, most respondents argued in a similar way. Independently from one another, they were all in favour of a central omnichannel team being responsible for strategy coordination and implementation. Respondent 4 outlined that in most companies, different departments such as retail, e-commerce or wholesale follow different omnichannel strategies, and that more alignment and common initiatives have to be managed hand in hand. Therefore, it was argued that an independent team, for instance with business development as central staff functioning with close connection with the CEO, should start all omnichannel initiatives. Respondent 4 outlined that business development, marketing and operations formed a perfect match for starting omnichannel initiatives within any organisation.

*'If companies are not able to align product, marketing and operations, they will fail.'*

Respondent 11 stressed that omnichannel management and implementation in any organisation is a difficult task, because organisations cannot leave this task to all individual departments. Respondent 11 insisted that companies should initiate one central team that coordinates omnichannel management within the overall company. Furthermore, it was emphasised that any omnichannel team needs financial and project



management skills, and should also be able to lead the topic of change management. Respondent 11 argued:

*‘Omnichannel means project and change management, and needs a senior coordinator who is able to cope with different cultures, and has a lot of experience.’*

Moreover, Respondent 11 argued that this team or person should be positioned next to the CEO, while having the skillset to motivate and excite. In addition, the omnichannel team and its senior project managers should be able to explain every detail of the company’s omnichannel vision and strategy:

*‘The omnichannel team needs to create an atmosphere of departure.’*

Because omnichannel touches every part of the business, Respondent 11 emphasised that the omnichannel team and personnel need to be trusted by all other employees. As the omnichannel team should have one contact person within every department, Respondent 11 stressed that people within the company have to recognise the omnichannel team as being ‘one of them’. In the same context, it was argued that once companies deal with the topic of omnichannel strategy, external help such as consultants should be employed carefully.

Similar to other interviewees, Respondent 5 outlined that an omnichannel team should be linked to the CEO, because omnichannel includes and affects every part of the business. Thereby, Respondent 5 insisted that this team must set priorities within the overall organisation. Respondent 6 recommended a specific omnichannel team that oversees the big picture and steers different departments towards one common goal and vision. Respondent 11 emphasised that in order to implement omnichannel successfully, clear roles and responsibilities are needed. Respondent 7 supported this argument, outlining that:

*‘In order to get a holistic approach, fine-tune or even restructure the company towards an omnichannel strategy, you need to put omnichannel team under separate umbrella, completely free of everything.’*

Also, Respondent 9 insisted on isolating an omnichannel team, operating under the company’s board and the CEO: this should be a powerful department that is able to coordinate omnichannel across the whole organisation. Respondent 9 emphasised that although an omnichannel team should run as a separate unit during the pilot and implementation phase, it must never become isolated from the rest of the company.

Respondent 9 stressed that the more mature and established omnichannel becomes in the overall organisation, the more important it is that the omnichannel team incorporates all other departments and functions. Thereby, it was argued that during the pilot phase, most tasks should be dealt with within the omnichannel team. However, the more omnichannel becomes established, the more tasks and responsibilities should be integrated within line functions of all other departments and divisions.

Respondent 8 argued that at the start it would first be beneficial to have an omnichannel team in retail and e-commerce, as these are the first channels that should be aligned. However, with omnichannel expanding to other channels and areas of the business, Respondent 8 argued that omnichannel should move under one roof, independent of any distribution channel. A similar argument was proposed by Respondent 12, who outlined that omnichannel has different phases of its implementation. Companies should focus on where to start within omnichannel in order to learn and gain expertise. Respondent 12 argued that for most companies, it is reasonable to start omnichannel within retail and e-commerce, and to connect those distribution channels first. The more omnichannel advances, the more it should be implemented as an individual department with all support, in order to oversee and coordinate omnichannel between different departments and across all channels. This is done mainly in order to streamline and prioritise different omnichannel projects and initiatives, but not to take on tasks and functions already existing in other departments. Respondent 12 emphasised that after the pilot phase, omnichannel needs a strong basis to build upon. If different projects run in parallel without the management of a single team, there is no focus or support, and thus it will probably not succeed. Respondent 12 suggested:

*'I think it is correct that companies have a kind of Chief Omnichannel Officer who transports, controls, manages and streamlines the topic of omnichannel within an organisation.'*

Similarly to other interviewees, Respondent 10 argued that in order to streamline omnichannel activities across the company, you need a place where it comes together, in order to create and manage one holistic point of view. In addition, Respondent 10 outlined that there should be a layer between the business and operational units and the CEO level. This is because one team should oversee all implications and end-to-end processes, and this is too much for all individual business units. Respondent 10 said:

*'If you want to take omnichannel seriously, you also need to structure that emphasis and facilitate a holistic view.'*

Respondent 10 proposed that when a company is managed within a matrix organisation, it needs to group an omnichannel team throughout the matrix, in one central layer that can affect all parts of the matrix.

When analysing and evaluating the interview session, it is clear that nearly all respondents independently from one another proposed to set up one central team that coordinates the topic of omnichannel management within the overall company. It was emphasised that this team should have financial-, project- and change-management skills, as well as being able to motivate and excite. It should be trustworthy, as it is required to oversee the big picture and to steer different departments towards one common goal and vision. Although it should be one separate team, it should not be isolated from the rest of the organisation: it should oversee and coordinate omnichannel between different departments and across all channels, and to streamline and prioritise different omnichannel projects and initiatives.

With regard to the question of if and how fashion brands should incorporate the distribution channel of wholesale within a holistic omnichannel strategy approach, different respondents suggested different methods. However, all agreed that fashion brands had no choice but to integrate wholesale as one part of the role-of-channel and omnichannel strategy.

Respondent 4 stressed that retail fashion brands have to incorporate wholesale partners by involving them within the assortment and pricing strategy. For instance, Respondent 4 emphasised that the focus should not be on dictating what wholesale partners do, but on forming a strong partnership and teamwork. Retail fashion brands have strong assets in marketing, branding and marketing tools, and wholesale partners have the advantage of a strong retail presence and experience. Respondent 4 argued:

*'Leveraging knowhow and expertise between fashion brands and wholesalers can build strong partnerships, especially within the time of omnichannel.'*

Respondent 5 argued that fashion brands are able to offer marketing content and storytelling to wholesale partners, outlining that:

*'Marketing content and storytelling is the CAPEX of the future. Wholesale partners can benefit from fashion brands.'*

Respondent 5 stressed that fashion brands are able to push the performance of wholesale partners by providing rich and strong marketing material. Also, Respondent 6 argued that fashion brands need to work closely with wholesale partners, in order to continue an effective partnership and use each other's expertise. Respondent 6 suggested that fashion brands should invest in their wholesale partners, whether in terms of fixtures and furniture (shop-within-shop concepts) or marketing activities. Respondent 6 stressed:

*'Wholesale partners have to be taken along in the omnichannel journey!'*

Respondent 6 emphasised that a controlled POS (point of sale), such as a brand's shop found within a wholesaler's department store, can offer great possibilities to expand the fashion brand's omnichannel strategy towards the wholesale channel. Respondent 12 insisted that (for example) digital tools such as touch-screens, installed within the brand shop, are able to connect the wholesaler's POS with the brand experience of fashion companies. It was argued that digital tools can help to spread the best possible brand experience and marketing content. Furthermore, consumers visiting wholesalers' department stores would not only receive the best possible brand experience, but also gain access to the full range of products. Thus, digital tools can be used as a platform to connect wholesale consumers to the full stock of fashion brands. Respondent 12 said:

*'Wholesalers' POS and marketing possibilities are limited, but with digitalisation and e-com I open a best possible brand experience and new products.'*

Respondent 12 suggested that one strategic option would be to form partnerships with wholesalers, who would receive a commission when a consumer buys from the brand's e-commerce platform located in the brand shop within the wholesaler's department store. Respondent 12 recommended expanding the offline-online connection from the brand's own retail and e-commerce towards wholesale retail and e-commerce.

Respondent 10 argued that the incorporation of wholesale would only work if fashion brands focused on incentives: this is because wholesalers will always aim to promote their own distribution channels first, be they offline or online. Respondent 10 raised the point that if a fashion brand aims to incorporate wholesale partners within its strategy, creating an incentive model that incorporates the wholesale channel and incentive structure adds complexity that becomes difficult to manage. Therefore, fashion brands need to find the right balance, the right partners and the right incentive structure, with individual case-by-case solutions.

Respondent 9 put forward another possibility to integrate wholesale partners within a fashion brand's omnichannel strategy: specifically, the possibility of stock sharing. Establishing one warehouse within an omnichannel environment would improve stock efficiency on both sides.

Respondent 11 said that wholesalers have to be integrated in terms of partnership programmes; this could be achieved by sharing stock, costs or expertise between wholesalers and fashion brands. Shared inventory was seen as a great opportunity to connect different partners between brands and retailers, as it offers a win-win situation. However, Respondent 11 insisted that today wholesale partners do not yet feel the pressure to form partnerships with brands, but said that this will change as consumers will increase the pressure to provide omnichannel between wholesalers and fashion brands.

In summary, it can be said that all respondents independently from one another insisted on integrating wholesale partners by means of omnichannel partnership programmes. However, fashion brands should find the right balance, the right partners and the right incentive structure, with individual case-by-case solutions. All respondents stressed that without having an existing blueprint of how fashion brands can connect with wholesale partners within omnichannel, both have to focus on continuing an effective partnership and using each other's expertise, and developing this over time.

During Research Question 3, another topic was discussed, namely the need to conduct a return of investment (ROI) calculation before moving towards implementing an omnichannel strategy.

All respondents answered this question in a similar way, seeing no real benefit in ROI calculations in relation to omnichannel implementation. Respondent 4 even outlined that omnichannel transformation is not dependent on any investments, as it also could be implemented without them. Even if companies invest in omnichannel strategy implementation, Respondent 4 argued that ROI calculations cannot be conducted, as these would incorporate too many assumptions.

Moreover, it was said that ROI would make no sense, as consumers and markets are asking for omnichannel, leaving no other option but to move towards it. Respondent 6 put forward another argument, saying that ROI calculations are difficult, as companies would also have to calculate the scenario of what would happen if they did not invest in omnichannel. Respondent 6 argued:

*'If you do not invest into omnichannel you are dying!'*

Respondent 12 argued that in terms of omnichannel ROI, companies are not able to calculate a clear outcome, as most omnichannel initiatives have different short-, mid- and long-term returns. It was stressed that omnichannel is more of a mind-set that expresses a pioneering spirit, in order to stay relevant for its consumers. Respondent 12 emphasised:

*'To stay relevant is more important than calculating ROI.'*

Also, Respondent 7 argued that companies will never be able to make a real calculation that captures every aspect of omnichannel, because many aspects are not tangible or measurable. Similarly to Respondent 6, Respondent 7 also argued that companies cannot calculate what might have happened if they had not followed the omnichannel approach.

Respondent 9 proposed a similar argument, stating that companies have no choice other than to move towards omnichannel, and that ROI calculation, whatever its result, can prevent them from moving towards omnichannel. However, Respondent 9 emphasised that companies need to invest in a smart way, and that ROI calculations can help them to think smarter. Respondent 6 also argued that an ROI calculation would not be harmful. For instance, a project manager should produce an ROI calculation, even if this is not entirely measurable, because it is still beneficial: it encourages the project team to think about potentials, risks, upsides and downsides, and income streams.

Within the main study, having analysed responses to Research Question 3, it can be summarised that all respondents emphasised that as soon as a fashion brands decide to move towards omnichannel, they should set up a clearly defined and formulated consumer and format strategy, as well as a clearly defined and formulated marketing-mix strategy containing decisions on product, price, place and promotion. All such strategies should be linked to the overall omnichannel and role-of-channel strategy. This outcome confirms the results outlined within the pilot study.

However, in contrast to the pilot study results, in which respondents emphasised that analysing and adjusting a company's organisational set-up was the next step to follow, respondents in the main study proposed setting up an omnichannel core team first, which afterwards could also approach different topics, including the organisational set-up. When evaluating the interview results of the main study, it becomes clear that the majority of respondents independently from one another proposed setting up one central core team to coordinate the omnichannel management within the overall organisation. It was emphasised that this team should have financial-, project- and change-management skills, as well as being able to motivate and excite. The team should be trustworthy, as it should

oversee the big picture and steer different departments towards one common goal and vision. Although it should be one separate team, it should not be isolated from the rest of the organisation. It should oversee and coordinate omnichannel between different departments and across all channels, and to streamline and prioritise different omnichannel projects and initiatives.

During the discussion on how to integrate wholesale partners within fashion brands' omnichannel strategy approach, all respondents independently from one another insisted on integrating wholesale partners through omnichannel partnership programme. It was recommended that fashion brands should find the right balance, the right partners and the right incentive structure, with individual case-by-case solutions. All respondents stressed that where there is no pre-existing blueprint of how fashion brands can connect with wholesale partners in terms of omnichannel, both have to focus on continuing an effective partnership and using each other's expertise to develop over time. Statements analysed within the main study correspond to the outcomes of the pilot study, and thus can be fully accepted.

As a consequence of the pilot study analyses, the following assumption can be made regarding the third level of the conceptual model 'Alpha', based on the literature review that contained the Omnichannel Strategy Model of Rinnebach et al. (2014). Wagner's (2013) model of omnichannel strategy is seen as a workable guideline enabling fashion retail brands to translate and introduce an omnichannel strategy into their operational business. Within his approach, Wagner (2013) outlined that companies moving towards an omnichannel strategy have to consider questions related to several focus areas, including: Consumer Strategy: What are my consumers today and in the future? Who are the consumers with whom I am able to grow my business? Format Strategy: How do my consumer segments differ between my distribution channels? What is the strategy with which I am able to reach my consumers in the best possible manner within each individual distribution channel? Product: With what kind of products and assortments am I able to approach my consumer groups in the best possible manner? Place: Which products do I have to place and sell where, to maximise sales? Price: What is the best possible pricing strategy to optimise margins and image? Promotion: Which products do I have to promote to maximise traffic and increase sales?

After the pilot and main study, the third level of the conceptual model 'Alpha' can be extended to include the following three pillars:

7. Strategy Implementation: Do I have a clearly defined and formulated consumer and format strategy in place? Do I have clearly defined and formulated strategies on product, price, place and promotion in place, all linked to my omnichannel and role-of-channel strategy?

8. Omnichannel Core Team: Do I have an independent omnichannel core team in place? Do I sit placed as an independent team with a dotted line to the CEO? Do members of this team have the required financial-, project-, and change-management skills? Does this team oversee the big picture, thus enabling it to steer different departments towards one common goal and omnichannel vision?

9. Wholesale Business: Have I set up and thought about possible wholesale integration models? Am I able to test and pilot concession and consignment models, and/or individual customised partnership models?

**Question 4:** *Once they have defined a clear omnichannel strategy, business studies argue that companies should formulate a clear omnichannel action plan, following and focusing on omnichannel success drivers. With that in mind: What does/should TH's action plan look like in order to create, implement and manage a truly holistic omnichannel strategy?*

When studying the interviewees' answers in the pilot study regarding what a possible omnichannel action plan should look like, it was found that all respondents had been in favour of facilitating an omnichannel test field rather than creating a detailed action plan with an explicit roadmap. While evaluating the answers of the main study, it is again clear that all respondents independently of one another came to the same conclusion.

During the discussion, Respondent 5 put forward the argument that by instinct every company would prefer to prepare and analyse everything in advance. But this cannot be achieved in the case of omnichannel implementation. Respondent 5 argued:

*'The new world is much more entrepreneurial, especially the online world.'*

Respondent 5 emphasised that in order to compete, it is not necessary to conduct an in-depth analysis of a possible action plan in advance, but rather to gain as much expertise and knowledge on omnichannel strategy implementation within the company as quickly as possible, in order to start immediately.

Respondent 4 said that if companies want to think through and set up all aspects (processes, IT, etc.) before starting the very first omnichannel initiative, this would take too long, as in the meantime the business landscape would have changed again already.



Respondent 4 argued that upfront investigation is needed, but it must not decelerate any aspect of an omnichannel implementation.

While analysing the results of interviews conducted during the main study, it is found that different stakeholders follow similar opinions: for instance, the consistent opinion that companies simply have no time to prepare for going omnichannel in every detail. Respondent 4 and other interviewees also argued that companies need to pilot omnichannel initiatives as quickly as possible in order to test them. Building an omnichannel test environment in order to learn how to deal with different initiatives was seen as the best possible solution. Respondent 4 outlined:

*'You have to test different omnichannel initiatives because no one really knows the outcome and there are no case studies available.'*

Respondent 4 argued that an estimation of omnichannel channel initiatives is difficult; thus, companies need to test them. Respondent 6 stressed:

*'Companies need to create a basis for pilots and trial-and-errors, rather than having a full and precise road-map towards omnichannel.'*

As omnichannel is an unknown quantity, Respondent 4 argued:

*'Companies should create a test base to test different omnichannel initiatives and learn.'*

Also, Respondent 5 argued that fashion brands have to create a test field where they can test whether a strategy works, and then implement it. Respondent 6 proposed that in terms of omnichannel, it is:

*'Important to live the culture of hands-on and trial-and-error. Within an omnichannel environment, entrepreneurial spirit is needed and has to be lived from the top.'*

Also, Respondent 7 suggested an approach in which companies are able to test by trial-and-error. In this respect, companies could analyse different scenarios and discover what works best for them. Similarly to all other interviewees, Respondent 8 also insisted that in terms of omnichannel, companies need to try, test and learn, arguing that:

*'There is no magic formula which companies can copy-paste and it works. Companies need to start, try, test and learn, adjust and repeat.'*

Respondent 9 said:

*'There is no cookbook. Consumers change all the time. You need to trial-and-error.'*

In this respect, Respondent 9 argued that companies need to find and create an environment that allows them to try different initiatives and to analyse what works. Respondent 12 even argued that during the process of constant development and reflecting on their business, companies will automatically change towards omnichannel. Also Respondent 10 insisted that companies should not be reluctant to start without having a full strategic plan in place. Rather, they need to be able to jump into it:

*'This causes some stress, workarounds, and is certainly no ideal situation or set-up, but it is part of dealing with the fast-changing environment.'*

Moreover, Respondent 10 argued that there is a big difference between theory and practice. In theory, every company would wish to outline a strategic plan in advance, but it was argued that in real life, companies simply do not have the time to do so. Respondent 10 argued:

*'If you don't jump into it, you fall behind, and then you are even in more difficulties.'*

Moreover, Respondent 10 argued that if you aim to develop a playbook first, there is the risk of losing the connection with the market, as you do not recognise that the world is developing on a short-term basis. Respondent 10 argued:

*'If you trial-and-error, you can test and develop and adapt as you go.'*

Independently of Respondent 10, Respondent 11 also argued that creating a trial-and-error environment is the best scenario when moving towards omnichannel. This is because there is no single process for achieving this, nor one right and correct way. Respondent 11 argued that companies need to build this test field to try different omnichannel initiatives. By being opportunistic, companies would make rapid gains, although some outcomes could fail. Respondent 11 said that companies need a result: whether good or bad, they need to know.

Furthermore, Respondent 9 argued that at least 60% of all omnichannel tests will be failures. In this respect also, some investments would not pay off, as most probably it will be discovered that some initiatives have no business relevance. However, Respondent 9 emphasised that by following a trial-and-error approach, companies will learn by finding and focusing on the best possible omnichannel initiatives.

In relation to Respondent 8, companies should focus and start with easy victories such as connecting bricks-and-mortar retail with e-commerce, and afterwards think about franchise or wholesale. Moreover, it was argued that companies should think holistically

in terms of omnichannel. It may not be a case of deciding which service is better, such as click-and-collect or click-and-reserve. Instead, there is no single winning initiative, but success results from the sum of services a company offers the consumer.

As mentioned before, Respondent 4 argued that it is essential to build an omnichannel team that tracks all initiatives, oversees the action list and evaluates each individual outcome. Respondent 6 emphasised that each individual omnichannel initiative should be tracked and evaluated in terms of results, be they in KPIs or sales. A similar argument was raised by Respondent 9, emphasising that although companies have to create an omnichannel test field in order to establish a trial and error scenario, each test requires a clear action plan for evaluating every omnichannel initiative. In addition, Respondent 6 emphasised that each omnichannel initiative should be analysed in terms of scalability before any further rollout. This argument was developed by Respondent 9, who stated that once an initiative has been tested, companies need to know whether it was relevant for them. Respondent 9 stressed that companies need to pilot, test, analyse, conclude and learn, but also that they should closely analyse the results of each initiative, in order to know which ones work.

Furthermore, Respondent 9 emphasised that companies need to be able to make assumptions and analyse the full potential of each tested omnichannel initiative:

*'Don't start and run into it blind, but start, measure and look for full potential.'*

Respondent 5 made a similar argument, saying that an action plan that includes different omnichannel initiatives should be adjustable in a flexible manner, in order to include new technologies, possibilities and trends. Respondent 5 argued that new ways of doing omnichannel business, whether online or offline, have to be tested on an ongoing basis, stating that:

*'Fashion brands have to have the possibility to react fast, and being able to integrate new ways of doing business within the operating model in the short run.'*

Respondent 6 put forward a similar argument, saying that the business environment is changing fast, pushed mainly by digitalisation, and that companies face the challenge that once an action plan had been signed off, the requirements and conditions have changed already. Respondent 6 insisted that companies need to be able to react flexibly.

When studying all interviewees' answers to the questions of what a possible omnichannel action plan should look like, it became clear that all respondents, similarly to the pilot

study, were in favour of creating an omnichannel test field, in which different initiatives can be tested. In summary, the preferred option was to facilitate an omnichannel test field, rather than creating a detailed action plan with an explicit roadmap towards omnichannel. The best possible approach was a basis and environment for trial and error, test and learn, on which companies are able to analyse different scenarios and analyse what works best for them. It was argued that companies not only need to pilot, test, analyse, conclude and learn, but should also analyse closely the results of each initiative, in order to know which ones work. Furthermore, it was agreed that this test field should be controlled by a dedicated omnichannel transformation team.

After the pilot and main study, the fourth level of the conceptual model ‘Alpha’ can be confirmed:

10. Omnichannel Test Field: Have I created an innovative and open-minded omnichannel transformation team and an omnichannel test field in order to test omnichannel initiatives in the form of a trial-and-error mentality, guided by efficient project management solutions?

## **5.6. Main study evaluation**

Similarly to the results of the pilot study, the main study results also came to the conclusion that a detailed in-depth ability or readiness check before an omnichannel vision call-out is not really necessary. All respondents agreed independently of one another that fashion retail brands are forced to implement omnichannel services and solutions, as the fashion consumer demands it. Despite the fact that answering the question ‘Am I ready?’ becomes superfluous, all respondents argued that detailed analyses, evaluations and plans for omnichannel readiness involve the danger of losing time.

Similarly to the pilot study, it was argued that especially within the fashion industry, companies are pushed towards short-term omnichannel strategy implementation, and that fashion retail brands have to act according to what consumers demand in a very short period of time. The statements made within the pilot study can be confirmed: the fashion consumer’s demand for omnichannel services is rapidly increasing; and, due to the ongoing evolution of digitalisation, is also changing on an ongoing basis. In order to expand the consumer journey across different distribution channels, fashion retail brands have to realign their strategy and adjust their offerings at short notice, and adapt to new market trends and consumer behaviours permanently. Respondents within the main study

repeated the statement of the pilot study, that if fashion retail brands have not offered advanced omnichannel services and innovations by now, then they are missing the opportunity to stay relevant today, and run the danger of disappearing tomorrow.

When evaluating the research question of omnichannel management, all respondents had a close consensus on several key aspects. These included the necessity to analyse and evaluate consumer needs and wants first, in order to put consumer focus at the centre of all activities. Moreover, it was necessary to set a clear omnichannel definition and understanding across the company, in order to guarantee that everyone follows the same interpretation. This is followed by creating a rolling vision statement to take account of ever-changing consumer behaviour. Next, vision call-out should be used to define a clear strategy by channel, which should be combined into one overall omnichannel strategy immediately afterwards. As stated during the pilot study, within the main study also it was argued that an IT infrastructure was crucial. This is required to analyse and adjust data, processes and systems, and to be able to operate omnichannel operations. Change management was outlined as yet another important pillar: it is necessary to 'live omnichannel' from the top, to focus on change management, and define common goals between different distribution channels. Afterwards, all respondents recommended defining and formulating consumer and format strategies, including marketing-mix decisions on product, price, place and promotion, all linked to the overall omnichannel strategy. Omnichannel requires structuring an organisational set-up and establishing an omnichannel core team to follow strategy implementation. Similarly to the pilot study results, respondents within the main study also suggested analysing and evaluating possible omnichannel wholesale partnership models before creating an omnichannel test field, in order to test different omnichannel initiatives using a trial-and-error mentality.

In greater detail, within the first pillar, namely consumer focus, companies need to answer the key questions of: I have to be consumer-centric! Does my consumer ask for omnichannel solutions? If yes, to what extent? Moving towards the omnichannel definition, companies should focus on: I have to create a clear and common omnichannel definition! What does the term 'omnichannel' mean for me and the organisation? Does everyone in the organisation has the same understanding and link the term 'omnichannel' to the same fundamental goal? As the third stage, companies should focus on a rolling vision statement: I need to call out a rolling omnichannel vision statement! Do I have a vision in place? Was it announced? Is everyone in the company aware of the way the

company is going? Do I take an ever-changing market environment into consideration, pushed by digitalisation and resulting in ongoing changing consumer behaviour?

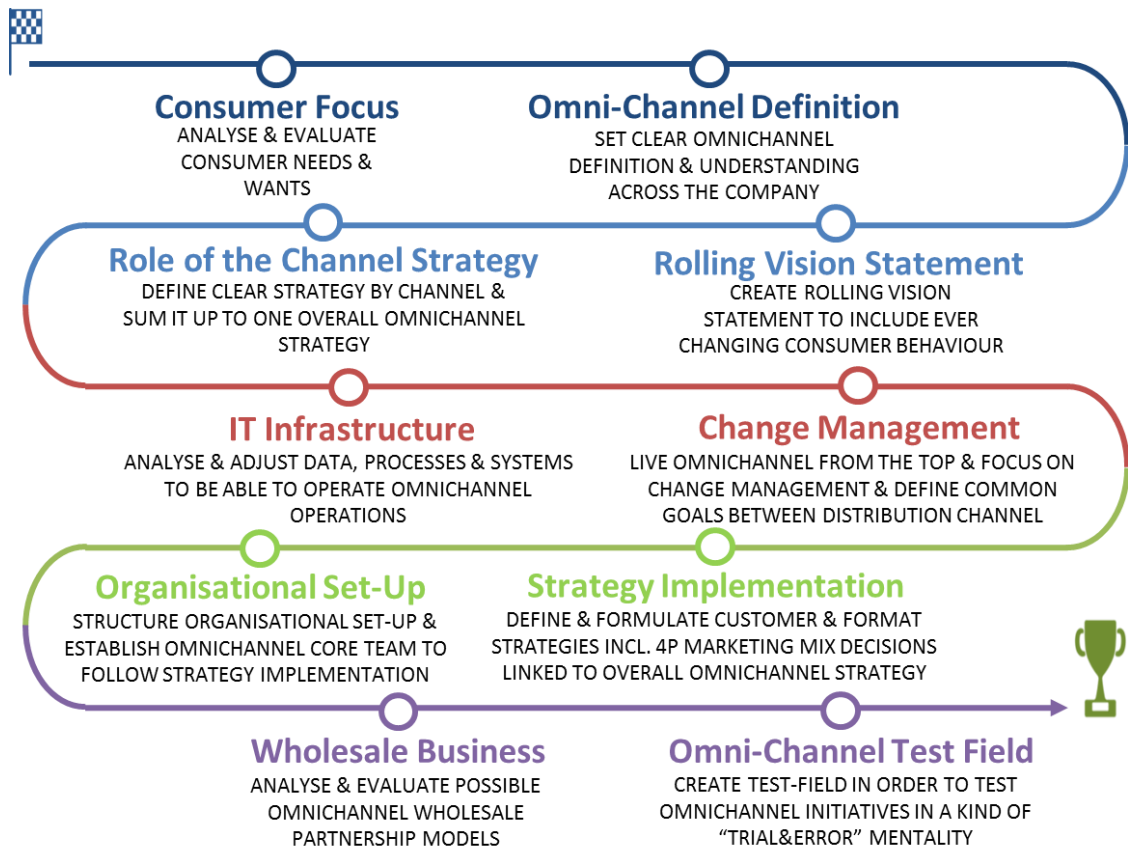
After focusing on a rolling vision statement, it was outlined that companies have to define the role-of-channel strategy: Where do I want to be and how do I get there, and what does that mean for the different distribution channels? What is my channel-specific strategy and how is it summed up into one overall omnichannel strategy approach? Do I have a clear role-of-channel strategy approach? Does everyone understand the strategy? Afterwards, companies should concentrate on their IT infrastructure. Are my data, IT systems and processes ready to fulfil my omnichannel and role-of-channel strategy? Is my company able to operate an integrated system across different distribution channels and consumer contact points? Does my business process system enable omnichannel management and operations? In order to implement omnichannel successfully, it was recommended to focus on change management. Companies should ask the questions of: Do I live omnichannel from the top? Do I focus on change management within all areas in the business, initiated and lived by the top management? Do all my distribution channels have common goals and work towards them hand in hand?

Pillar number seven includes questions on strategy implementation: Do I have a clearly defined and formulated consumer and format strategy in place? Do I have clearly defined and formulated strategies on product, price, place and promotion in place, all linked to my omnichannel and role-of-channel strategy? As the eighth action point, companies should focus on building an omnichannel core team: Do I have an independent omnichannel core team in place? Is it placed as an independent team with a dotted line to the CEO? Do members of this team have the skillset needed, such as financial-, project- and change-management skills? Does this team oversee the big picture, and is it able to steer different departments towards common goals and a corporate omnichannel vision? Similarly to the pilot study, within the main study also, respondents outlined asking the following questions regarding wholesale business: Have I set up and thought about possible wholesale integration models? Am I able to test and pilot concession and consignment models and/or individual customised partnership models?

Last but not least, the results of the main study outlined the formation of an omnichannel test field as the last action point: Have I created an innovative and open-minded omnichannel transformation team and an omnichannel test field, in order to test omnichannel initiatives in a form of trial and error mentality, guided by efficient project

management solutions? Thus, as a result of the main study, ten steps towards omnichannel implementation can be defined, as summarised in Diagram 5.2 (Beta model).

Diagram 5.2: Omnichannel strategy process model (Beta)



Source: Own illustration (August 2017)

The results of the pilot and main study not only vindicated the line of questioning used in the questionnaires, as they were all understandable by the recipients and revealed the answers required to answer the research objectives, but they also contributed to the refinement of the 'Alpha' model described at the end of Chapter 3, the total refinements of which (i.e. the 'Beta' model) are presented within the chapter and illustration above.

## **6. Discussion and Conclusion**

During discussions on what trend affects and concerns the retailing landscape most, one word is mentioned constantly, whether in specialist retail journals, in conferences or during conversations with professionals: this word is ‘omnichannel’. After conducting the literature review and synthesis, as well as several interviews, the opening statement of this thesis can be confirmed, which is that through omnichannel the retailing landscape has moved into a new era, forcing companies to undergo a structural change. It can be ascertained that in order to remain competitive in the digital age, traditional brick-and-mortar retailers face the challenge of reacting to an ever-changing consumer behaviour. The literature review has shown that omnichannel and an altered consumer behaviour are creating a sustainable change in how retailers have to set up their distribution channels, supply chains and working cultures.

Looking at the fashion industry online sales penetration, especially for clothing, is expected to grow strongly in the future, although the physical shopping experience still plays an important role. At the same time, as stated by Rinnebach et al. (2012), poor omnichannel offerings can be identified today, making the international fashion industry an interesting subject for researching omnichannel management. According to Mahrtdt (2013), the topic of omnichannel management is being comprehensively discussed, whilst also being well under way. It had been identified, that although omnichannel management is one of the major topics discussed in current literature, studies focus on single facets only and rarely on the big picture. Accordingly, there is hardly any process model that guides organisations in determining appropriate omnichannel strategy and therefore many organisations struggle to implement an omnichannel-strategy. All existing works in the literature either miss a practical example or do not place sufficient emphasis on the special requirements of the fashion industry.

The analysis of omnichannel management within this thesis has covered a wide range of academic topics, with the overall aim of answering the research question of how best to build an effective and holistic omnichannel management strategy for fashion retail brands. In other words, in order to generate a complete and holistic analysis of omnichannel retail management, several key topics had to be discussed. When answering the research question, and within every discussion, the main attention was directed towards the fashion industry’s specific characteristics, especially those of fashion retail brands; and also, how digitalisation and omnichannel retailing has influenced consumer behaviour, and vice versa. In order to answer and address the research question, this



research focused on several key areas within the discussion of omnichannel management, including omnichannel ability and readiness, upfront analysis, strategy formulation and action-plan conduction.

Those topics were addressed within the literature review and synthesis, as well as during the main study and interview sessions. In this chapter, the thesis discusses the main findings presented previously, by analysing their theoretical and practical implications, as well as how they contribute to the existing body of knowledge. Furthermore, this chapter discusses how the findings may alter managers' view of the business world, the decision-making process and organisational strategies, and also how the findings contribute to the current professional practice. As stated at the end of the literature review section, this holistic approach has not yet been fully addressed in a fashion case-study setting. Finally, as illustrated in Diagram 5.2, this research led to a management decision proposal, including recommendations concerning how to implement an effective omnichannel setup within organisations.

## **6.1. Theoretical contribution**

In the following section this thesis outlines the theoretical contribution of the research's main study results. Following on the conceptual omnichannel strategy process model 'Beta' (Diagram 5.2), which was built within the previous chapters, each out of the total 10 steps are analysed in detail.

### **6.1.1. Consumer focus**

After concluding the literature review and synthesis, at the beginning of the pilot and later within the main study's interview sessions, one term came to the fore, namely 'consumer-centricity' or 'consumer focus'. It was apparent that all interviewees independently of one another emphasised the importance of companies being or becoming consumer-focused before considering omnichannel. Of course, consumer focus and -centricity has also been described and evaluated within the literature review on omnichannel management.

This included Brook et al. (2014) who emphasised that the first and most important potential for retail companies of adopting an omnichannel strategy is to meet the needs and wants of its consumers. Also Attune (2014) argued that if fashion companies want to achieve consumer satisfaction, they need to be consumer-focused, integrating all of their operations around what the consumer requests, whether inside or outside the store. Fetsch et al. (2015) emphasised that retailers have to ask themselves how consumers are acting within the new retailing era to react accordingly. And Mindtree Ltd. (2015) stated that

consumers have to be pursued across all media to be there in any crucial moment during the consumer journey. Also Wagner (2013) put the consumer in focus stating that companies need to know ‘What are my consumers today and in future’ and ‘What are the consumers with who I am able to grow my business’? Gedders et al. (2014) emphasised that companies have to pursue a consumer focused omnichannel strategy, and Donnell et al. (2012) argued, that although consumer focus is nothing new and it is widely accepted in the literature that it is key to retailing companies to know and understand its consumers. In addition Donnell et al. (2012) stated that especially in the fashion industry, that due to unprecedented changes and turbulences with a constantly changing consumer behavior, understanding consumer needs become a matter of survival. Also Awasthi and Sangle (2012) stated that to understand the consumer behavior and characteristics is the basis for any competitive strategy. It is argued that the nearer a retailer can get to the consumer, the better the company will be able to provide what consumers seek.

Similar to the literature, consumer focus was stressed to a great extent by all key interviewees during the pilot and main study. However in contrast to the literature in which consumer focus was mentioned as being important, main study results of this thesis made abundantly clear, that organisations’ first action should be to put the consumer at the centre, and organise their business in relation to consumer needs and wants. It was stressed that consumer focus to be the key prerequisite in today’s retail landscape, but that it was often underestimated, neglected or even forgotten. Being consumer-centric and aware of consumer demand was stressed as the key driver and basic prerequisite for any omnichannel success. Interviewees argued that being consumer-centric is certainly nothing new, but to achieve this and strive for consumer satisfaction is more easily said than done.

This thesis main findings highlighted and clarified that consumer-centricity should not be a simple phrase, but something companies need to implement, progress and ‘live’. The whole discussion of omnichannel strategy and management made clear that consumers are not only important and should be taken into consideration, but should in fact form the centre of any omnichannel discussion and strategy formulation.

As outlined before when evaluating the literature and analysing different models of omnichannel management, such as Gedders et al. (2014), Donnell et al. (2012), Brook et al. (2014) Attune (2014), Fetsch et al. (2015) or Mindtree Ltd. (2015), it was found that consumer focus and -centricity had been included, but were rarely the most important aspect that companies should focus on first. The results of the pilot, as well as of the main

study, outlined that companies need to refocus and restore the consumer as the priority when considering an omnichannel strategy. Due to that reason consumer focus was put in the very first place within the conceptual omnichannel strategy process model.

The findings of this research contribute to the existing theoretical knowledge base by confirming and sharpening the view on consumer focus with existing models such as Wagner's (2013) holistic cross channel approach on the basis of consumer centricity or Chu and Pike's (2002) holistic approach to integrated cross-channel retailing. Moreover the findings recommend existing models, such as Heinemann's (2008) development of a multi-channel action plan or Rinnebach et al.'s (2014) multi-channel strategy model to carefully revise and expand its theory by incorporating consumer focus as a key factor in terms of a successful omnichannel management.

#### **6.1.2. Omnichannel definition**

Within this research's findings, in addition to consumer-centricity, another topic found to be a key focus area was the need for a clear omnichannel definition. Creating a clear and common omnichannel definition and understanding within an organisation has not been described as a priority action in any of the previous literature before. Within the literature review numerous definitions have been evaluated. Different authors like Shen et al. (2018), Verhoef et al. (2015), Ailawadi and Farris (2017), Zhang et al. (2018), Galipoglu et al. (2018) defined and described the terms multi-, cross-, and omnichannel. But all of them were slightly different.

During the interview sessions, it became clear that all respondents independently of one another stated that an inconsistent omnichannel definition within a single organisation often causes major issues and challenges; this is because different definitions often lead to different interpretations, resulting in different conclusions regarding which actions should be taken. It was argued that the fact that different departments within one organisation follow different definitions leads to inefficiencies, not only in target-setting but also in business processes. Various definitions result in processes that interfere with each other, which also creates inefficient cross-departmental coordination.

This research's findings added an important aspect to the existing literature by outlining that companies need to set a clear omnichannel definition and understanding across the entire company as one of the very first steps to do. Within the main study of this work and during the interview sessions it has been analysed that there is no general omnichannel definition all companies should follow on, but that one company should

define ‘What does omnichannel mean for me?’, stick to it and communicate this definition across all departments in order to guarantee a common understanding. As a result of this thesis defining omnichannel has been analysed as a crucial success factor on the way towards omnichannel implementation. It can be found at the second step of the conceptual omnichannel strategy process model.

The findings of this research contribute to the existing theoretical knowledge base by discovering the need to expand any existing and upcoming omnichannel strategy approach by a clear and common omnichannel definition within an organisation. Defining the term ‘omnichannel’ first has been analysed as a crucial success factor on the way towards omnichannel implementation.

### **6.1.3. Rolling vision statement**

Another topic that of vision statement, was also addressed during the discussion on omnichannel ability and readiness. Similarly to Kim (2008) who stated that one of the most important dimensions of a corporate strategy is concerned with the company’s vision, this research and its key findings agreed that formulating and calling out a vision statement across the organisation is essential, in order to break the strategy down into mission, strategy and action plans accordingly. In doing so and as analysed during the literature review these findings agree to Orhan et al. (2014) who argued that a vision statement cannot be separated from corporate strategy as it provides companies to achieve high performances and long-lasting achievements. Research findings also agree to Candemir et al. (2013) who outlined that a company’s vision statement is an important factor in order to follow on the organisation’s values, objectives and priorities within their overall strategic management process.

However as reported during the literature review, it becomes critical for retailers to adopt digitalisation and a changing consumer behaviour in order to remain being competitive and survive in a hard-fought market environment. Taking into account an ever changing market environment, an additional key finding of this research was the need to conduct and formulate a rolling vision statement rather than a static one. Companies need to take an ever-changing market environment into consideration, pushed by digitalisation and resulting in an ongoing situation of changing consumer behaviour. As a key finding of this research, it can be underlined that within omnichannel retail, which is strongly affected by digitalisation and ever-changing consumer behaviour, it is essential that companies conduct a rolling vision statement by orienting themselves towards fast-changing market conditions. Due to that reason a rolling vision statement and the need

for companies to create a rolling vision statement to include an ever changing consumer behaviour can be found at the third step within the conceptual omnichannel strategy process model.

The findings of this research contribute to the existing theoretical knowledge base by confirming statements such as of Kim (2008), Orhan et al. (2014), or Candemir et al. (2013) and the need of formulating and calling out a vision statement across an organisation. However it refines this approach by outlining the need of creating a rolling vision statement to include an ever changing consumer behaviour.

#### **6.1.4. Role of the channel strategy**

While answering the research question of how best to build an effective and holistic omnichannel management strategy for fashion retail brands, another focus area evaluated in this research was the possible need to analyse and review organisational processes, culture, controlling and information systems, before moving towards implementing an omnichannel strategy. Answering this question identified several key focus areas that are crucial for fashion brands to consider before omnichannel strategy implementation.

On their way towards omnichannel strategy implementation, as a key focus area, the main study results showed that companies need to formulate and decide on a clear statement regarding their specific role-of-channel strategy. Within the main study, all respondents independently of one another outlined that companies should clarify the key questions regarding channel-specific strategies before formulating one holistic omnichannel strategy. Companies first should answer the question of what they want to achieve, and decide on an overall target picture. In order to achieve that aim, companies should carefully analyse how to get there and outline what this means for each distribution channel separately. These findings correspond to what has been outlined and evaluated during this research's literature review. Here Chatterjee and Kumar (2017) outlined that multiple complementary channels provide diverse service outputs than single-channel strategies. Thus, an omnichannel retailer can increase trust and loyalty by increasing consumer contact points by expanding both the quantity and possible combinations of service outputs. Herhausen et al. (2015) outlined that channel integration enriches consumer value proposition and prevent consumer confusion and frustration. Viereck and Grebe (2013) outlined that consumers switch from channel to channel by purpose. This is the case because consumers want to satisfy all of their different individual needs, from shopping convenience, price search and interaction to emotional experiences with a certain brand. Hudson (2011) put forward the argument that consumers want to discover

all advantages of all distribution channels and thus switch from channel to channel during their purchasing process. Sands et al. (2016) analysed that a large number of consumers are using a large variety of channels interchangeably during their shopping process. In addition Hall and Towers (2017) stated that shoppers may use different channels and that in consequence most parts of each shopper's journey is unknown. Also Hannich et al. (2013) put forward the argument that most consumers do not buy offline or online, but use different distribution channels in favour of their current situation.

Current research suggests that retailing has entered an era in which consumers demand and expect retailers to be able to offer a shopping experience across different channels, delivered seamlessly across in-store, online and mobile. Hannich et al. (2013) argued that the biggest potential of adopting an omnichannel strategy approach is when combining benefits from online and offline distribution channels in order to provide consumers a holistic and fully integrated consumer offer. In addition to other research Karray and Sique (2017) named the access to new markets, increased consumer satisfaction and loyalty, as well as creating strategic advantages, as the most important categories and potentials of adopting channel integration. It is argued that by managing several channels companies are able to accomplish synergy effects, as there is the chance of an increased consumer base, increased revenue and a possible higher market share.

As stated by Grimm (2011), omnichannel management has become a central topic within retailers. Thereby, companies analyse all of their distribution channels to classify their individual strengths and weaknesses. Hannich et al. (2013) raised the argument that companies have to answer the question of how to structure and manage different distribution channels to become an omnichannel company. Fetsch et al. (2015) agreed with this statement by saying that the main objective within an omnichannel strategy implementation and management is to integrate and combine all distribution channels and processes.

Heinemann (2008) argued that an omnichannel strategy should focus on harmonising all individual distribution channels to create one common brand experience for the consumer, regardless which channel they use. It is stated that all channels have to be compatible, complementary and attractive for all consumers. In relation to Rigby et al. (2014), there is no single correct answer; rather, each retailer must determine the best organisation model for its operations based upon its strategic goals and maturity level.

This research confirmed and approved the need for companies to define channel-specific strategies as one of their most important tasks. What this research discovered was that although strategies should be considered channel by channel, all specific individual strategies must be combined into one overall omnichannel strategy approach. As a key finding, it can be outlined that companies need to define channel-specific strategies, but must simultaneously ensure that they all fit together into one holistic omnichannel strategy. As described, the idea of an omnichannel strategy being the sum of individual channel strategies had not been indicated in such clarity before. This summarised the fourth step within the conceptual omnichannel strategy process model, namely ‘role of the channel strategy’ to define clear strategies by channel and to sum it up to one overall omnichannel strategy.

The findings of this research contribute to the existing theoretical knowledge base by confirming the approaches of e.g. von Briel (2018), Chatterjee et al (2017), or Sands et al. (2016) who outlined that different channels can offer different benefits for end consumers and thus retailers benefit to focus on and to define channel-specific strategies. However it also refines strategic multichannel theories, as those of Poloian (2013) and Hudson (2011), by emphasising that it is not only key for companies to outline channel-specific strategies, but simultaneously to ensure that all channel strategies fit together into one holistic omnichannel approach.

#### **6.1.5. IT infrastructure**

Changing consumer behaviour is being pushed towards omnichannel by digitalisation; hence, the main study findings emphasised an efficient IT infrastructure as a key prerequisite for omnichannel implementation. Key findings showed that data, systems, tools and processes have to be analysed and realigned in order to prepare for implementing omnichannel initiatives.

Within the literature review, this research demonstrated that key literature links omnichannel to the trend of digitalisation. Dart and Lewis (2014) argued that in the early-2000s when digitalisation reached the retailing segment that this was an explosion in which technology empowered retailers and consumers. Niemeier et al. (2013) described new technologies of the 21<sup>st</sup> century as a game changer. Coping with these new technologies and equally with omnichannel initiatives, this research’s findings confirmed the necessity of an efficient IT infrastructure as a prerequisite of any omnichannel operation. Key findings of this research specified master-data management and a functional and operative business process system as two crucial focus areas.

During the interview sessions it was argued that master-data management was an unpopular topic within omnichannel strategy and management. However in the same context it was stated that an efficient master data management to be one of the key prerequisites to fulfil omnichannel activities. Clean master data on channels, consumers and products, amongst others, has been identified as a basic requirement for omnichannel operations. In order to offer consumers a seamless shopping experience across different channels, main study results outlined this to be impossible once master data to be corrupt. Efficient master data management has been outlined as a prerequisite in order to be able to operate omnichannel operations and thereby added new insights to the existing knowledge base on omnichannel management.

Within the discussion on the topic of IT infrastructure, this research outlined a functional and operative omnichannel business process system as being another basic prerequisite. In order to fulfil omnichannel initiatives across different channels, such as click-and-collect, RFID, or reserving store stock online, a functional consistent business process system is needed across all operative areas of the organisation. These findings agreed with the literature and to Kolbrück's (2015) statement, that an imperfect business process system is a major reason for inefficient omnichannel transformation. Thus, the general statement that omnichannel requires functional and operative omnichannel business process systems is confirmed. In summary step five of the conceptual omnichannel strategy process model revealed an efficient IT Infrastructure as a key prerequisite in order to implement omnichannel initiatives. This includes the analysis and adjustment of data, processes and systems in order to be able to operate omnichannel operations successfully.

The findings of this research contribute to the existing theoretical knowledge base by confirming a functional business process system as a prerequisite for a successful omnichannel transformation. However it adds the detail of efficient master data management to be a key prerequisite and basic requirement to fulfil omnichannel initiatives and operations.

#### **6.1.6. Change management**

Another topic which has been raised by all interviewees independently of one another and being stated as relevant to omnichannel strategy implementation was the topic of change management. As a key finding, this thesis considered that change management should be introduced into all areas of the business, and should be initiated and lived from the top management.



Key findings of this thesis outlined that in order to guarantee an efficient omnichannel change-management approach, common goals between different distribution channels must first be defined. Main study results concluded that change management across the organisation only works once a clear role-of-channel strategy is summarised to address common organisational goals. Only if all distribution channels, departments and divisions aim for the same targets, change management can be accomplished successfully. Thus, change management towards omnichannel can be effective only when different channels' targets are combined within common goals. The coherence between the role of the channel strategy, setting clear and common goals within the organisation and between different departments and distribution channels and an efficient realisation of change management can be added as a new insight to the existing knowledge base. To conclude, change management was seen as a key omnichannel prerequisite. What this thesis found that only if the entire organisation follows common goals, change management towards omnichannel management can be successful. Change management is mentioned as the sixth step of the conceptual omnichannel strategy process model comprising several actions such as to live omnichannel from the top and to focus on change management by defining common goals between different distribution channels.

The findings of this research contribute to the existing theoretical knowledge base by confirming Heinemann's (2008) statement within his 7 success factors of omnichannel, that top management support and involvement to execute change management is essential. In addition it expands this approach by outlining that in order to guarantee an efficient change management, common goals between different distribution channels must first be defined. By combining the topics of change management to target setting this findings added a new detail to the existing literature on omnichannel management.

#### **6.1.7. Strategy implementation**

Within another research area, this thesis explored the topic of strategy formulation. The main research found out that within strategy formulation and implementation, a clearly defined and formulated consumer and format strategy has been confirmed as being most crucial. Thereby, this thesis confirmed the finding of the literature review and Wagner's (2013) strategy approach, namely that it was most relevant to define and formulate strategies on product, price, place and promotion.

In addition in his analysis of fashion brands, Tungate (2012) analysed that traditional marketing activities have become less significant in the 21st century. That is the case because he argued that consumers do not only want to understand the brand but also be

part of it. Fashion brands have to find an efficient balance between price, quality, creativity and wearability. This to be the reason why it is not only about marketing but also the combination of brand identity, the story behind and its high quality.

It was analysed that brand management and marketing as well as the communication towards consumers play a decisive role when analysing omnichannel objectives and operational components such as cross-channel collaboration, integrated marketing, cross-channel consumer journeys, consumer relationship management, loyalty programs, in-store services and personalised marketing.

This research produced the insight that consumer and format strategies must be closely linked to the role-of-channel strategy, as defined in advance. Linking consumer, format and channel strategies as the three major pillars within omnichannel strategy formulation can be outlined as key achievement of this research's analysis, adding new insights to the existing knowledge base of omnichannel strategy management. The overall statement within step seven of the conceptual omnichannel strategy process model outlined that companies on their way towards a successful omnichannel implementation have to define and formulate consumer and format strategies including 4P marketing mix decisions, all linked to overall omnichannel strategies defined during step number four, namely 'role of the channel strategy'.

The findings of this research contribute to the existing theoretical knowledge base by confirming Wagner's (2013) strategy approach that states a clearly defined and formulated consumer and format strategy as a prerequisite within overall omnichannel strategy formulation and implementation. In addition findings expand this theory by linking consumer, format and channel strategies towards three major pillars within omnichannel strategy formulation.

This work discovered that companies should clarify the key question regarding channel-specific strategies as one of the first things to do during its discussion on the 'role of the channel strategy'. Companies should answer the question of what they want to achieve, and decide on an overall omnichannel target picture. Afterwards companies should analyse all of their distribution channels to classify their individual strengths and weaknesses, to structure and manage them accordingly and to be able to integrate and combine all channels and processes towards one holistic omnichannel strategy. In addition on their way towards a successful omnichannel implementation companies have to define and formulate consumer and format strategies including 4P marketing mix

decisions, all linked to overall omnichannel strategy defined during its ‘role of the channel strategy’ discussion.

Within the main study and during the interviews it was argued that companies need to think and build a clear channel strategy, as otherwise they would not be able to exploit all business opportunities that omnichannel offers. It was argued that one of the biggest advantages of pursuing an omnichannel strategy is to streamline different distribution channels in order to advance the overall stock situation. It was outlined that omnichannel allows stock to be shared between channels; this causes increased stock flexibility, which increases overall profitability. In addition, it was argued that especially in the fashion industry, due to its short-term product trends, companies have to fight against increasing stock levels. An omnichannel approach enables companies to move stock around and between different channels, thus improving overall profitability and releasing tied capital. It was emphasised that these advantages can only be obtained once a company is clear about its overall channel strategy.

It becomes clear that an efficient supply chain management becomes a key factor in order to implement and manage a holistic and seamless omnichannel retail strategy. According to Sen (2008) this is especially true for fashion industry as it is characterised by short product life cycles, a large product variety and a highly complex supply chain. Having analysed the fashion supply chain characteristics as well as its challenges, it became clear that the efficient and effective management of all consecutive supply chain activities and their operations becomes a decisive factor to gain competitive advantage. However, how and in what way a company’s supply chain should be set up and managed depends on what the company defines during its ‘role of the channel strategy’ as well as its ‘strategy implementation’ step.

#### **6.1.8. Organisational set-up**

During the main study interview sessions and its evaluation this thesis found out that in addition to the question of ‘How to move towards omnichannel?’, the question of ‘Who is leading this change within an organisation?’ also has to be answered, rather than neglected. Thereby, this thesis main study findings showed the importance of having a leading omnichannel transformation team in place, responsible for strategy implementation among all stakeholders involved. Besides the ‘what?’ and ‘how?’, for most respondents, the ‘who?’ also played an important part in approaching omnichannel. For instance: Do companies have a clear idea of who is leading omnichannel transformation within the organisation? And does this team have the right skillset? The

findings of this research relate to a field often neglected within current literature on omnichannel, namely the necessity of outlining who to oversee the process of omnichannel transformation.

Focusing the question of ‘Who is leading the change towards omnichannel within an organisation’ opened a new discussion within the research on omnichannel management and added a new element within the existing knowledge base. As a consequence main study results outlined that as the eighth step towards omnichannel implementation, companies should carefully structure its organisational set-up and establish an omnichannel core team to follow an efficient strategy implementation across and in-between the entire organisation.

The findings of this research contribute to the existing theoretical knowledge base by revising and expanding current discussions on omnichannel implementation by introducing the question of who to lead the change within the organisation. Key findings within the main study of this research outlined the necessity to establish an omnichannel core team to follow a successful and efficient strategy implementation within any organisation.

#### **6.1.9. Wholesale business**

One important topic this thesis addressed was the discussion of fashion brands’ wholesale business. A key question within the strategy formulation process was how retailers should incorporate the wholesale business within their omnichannel strategy. As the literature review found and as reported by Rinnebach et al. (2012), companies that define omnichannel as the combination of retail, e-commerce and wholesale fail to determine and clarify the term ‘wholesale’ in detail, and further fail to discuss how wholesale distribution channels are incorporated alongside retail and e-commerce channels within an integrated omnichannel strategy.

After conducting the research and as a key finding, it can be said that the interviewees could not formulate a general strategy on how to incorporate wholesalers within fashion brands’ omnichannel strategy, as no case study or best practice scenario currently exists. Consequently, many ideas were suggested regarding how to link fashion brands and wholesalers within a holistic omnichannel strategy, from shared stock and services to integrating digital tools on wholesalers’ point of sales. However, while not specifying one general scenario, all respondents agreed that a strong partnership between fashion brands and wholesalers created a perfect match, and was a prerequisite for a holistic omnichannel

strategy implementation. Respondents also insisted that fashion retail brands have to take the lead in building these strong partnerships with the wholesale partners.

The discussion on the topic of how to integrate the wholesale business within an overall omnichannel strategy came to the conclusion that, as there is no best-case scenario yet in place, fashion brands should take the lead to create strong partnerships with wholesale consumers in order to pilot and test individual scenarios of cooperation in a kind of pioneering spirit. Although there is no general answer of how to incorporate the wholesale business yet, fashion brands need to integrate that initiative into their roadmap towards omnichannel management and start individual proposals for solutions.

That is why as the ninth step of the conceptual omnichannel strategy process model this thesis identified the wholesale business as a key focus area. Fashion brands need to analyse and evaluate possible wholesale partnership models in order to follow a successful omnichannel implementation. By incorporating the key focus topic of wholesale integration to the conceptual omnichannel process model as one consistent focus area, this thesis added new insights into the existing knowledge base on omnichannel management.

The findings of this research contribute to the existing theoretical knowledge base by expanding current discussions of omnichannel management by the introduction of wholesale, next to retail and e-commerce, as an equivalent distribution channel. Findings recommend any theoretical model on omnichannel management to include wholesale as a decisive distribution channel, which has to be incorporated in any theoretical model in order to guarantee a holistic omnichannel approach.

#### **6.1.10. Omnichannel test field**

One of the main challenge for every company is to bring omnichannel to life. How should companies implement different omnichannel initiatives, and how can they know which initiative to start with? Omnichannel is one of the major topics within the retailing industry, but as it is affected by digitalisation, new initiatives and ways of working are continuously developing.

Within the discussion on omnichannel implementation, most literature strived to generate an omnichannel playbook or cookbook that companies should follow to ensure a successful omnichannel transformation and implementation. It has been analysed that this stays in contrast to some other author's argumentation. This include Kent et al. (2015) who stated that as innovation and digitalisation will continue, it becomes nearly

impossible to forecast or predict how the retail environment will look like in mid-term five to ten years' time. Besides Kent et al. (2015) argued that the competitive advantage is no longer size, but the retailer's ability to be innovative, flexible and be able to use technologies. Within the literature review it was outlined that digitalisation results in an ever changing consumer behaviour and forces structural changes in the whole retailing landscape. Thus it is critical for retailers to adopt digitalisation and a changing consumer behaviour in order to remain being competitive and survive in a hard-fought market environment. In summary it can be said that an ever changing market environment pushed by digitalisation makes it nearly impossible for fashion brands to conduct a roadmap as a new omnichannel initiative can be outdated already as soon the roadmap formulation has been finalised.

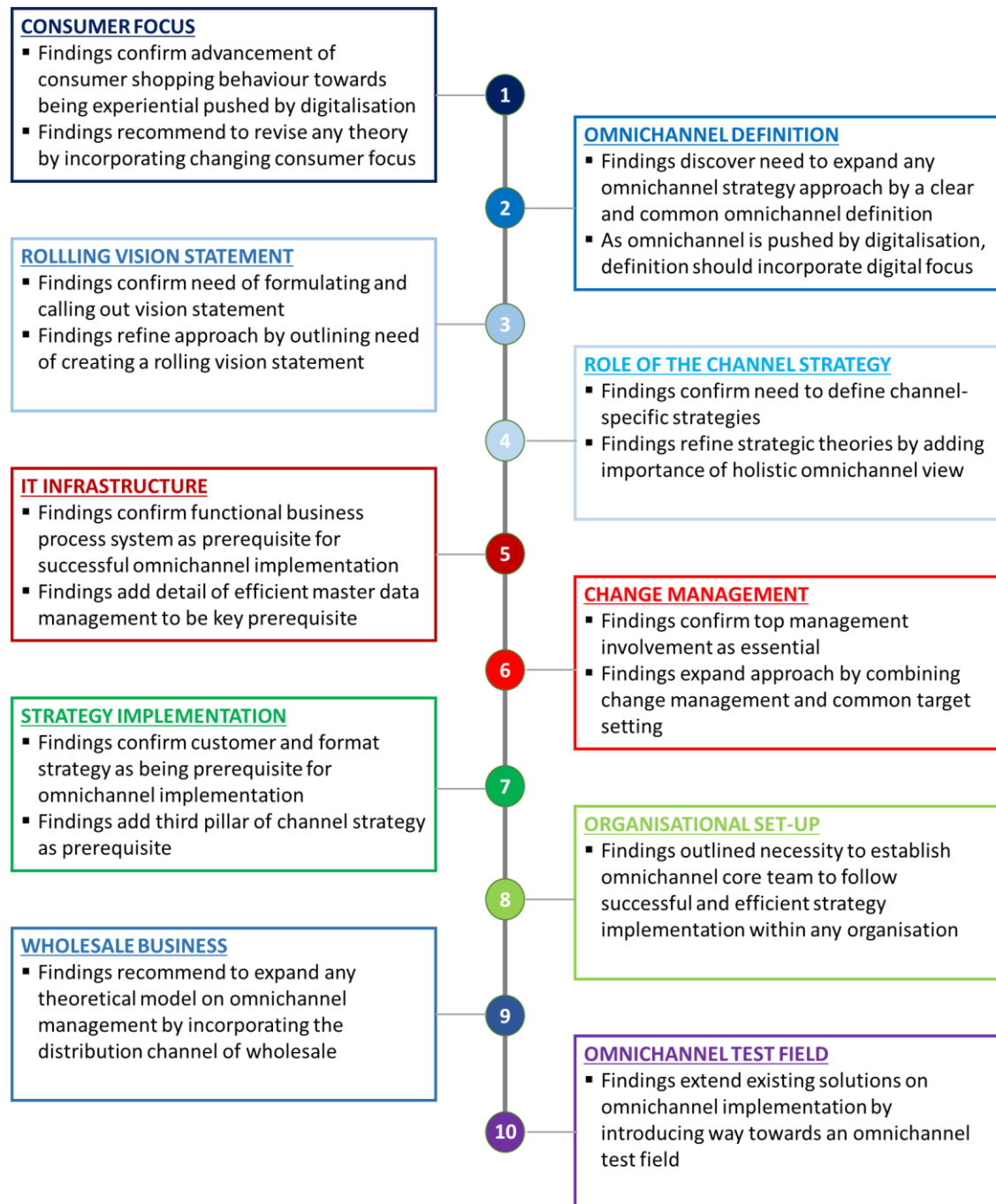
During the main study interview sessions, all respondents independently of one another came to a similar conclusion doubting that there was an existing approach or chronology regarding what initiatives companies should implement first, second or third. In fact, it was argued that an omnichannel playbook or cookbook companies should follow does not exist. This research found that, instead of seeking and waiting for an omnichannel playbook, key respondents from different areas of the business, be the top or middle management, marketing or operations, favoured the creation of an omnichannel test field. Creating an innovative and open-minded omnichannel transformation team, and a test field for omnichannel initiatives in the form of a 'trial-and-error' mentality, guided by efficient project management solutions, was seen as the most efficient and best approach towards omnichannel implementation.

It is clear that this thesis main finding extended the body of knowledge by introducing a completely different approach towards omnichannel management. Rather than creating a clearly defined action plan, key insights of this research indicated that all respondents independently from one another favoured creating an omnichannel test field, in which companies can pilot, test and learn from different omnichannel initiatives in a trial-and-error mentality. This insight shifts the common approach of striving for clear omnichannel action points, moving it towards creating an omnichannel test field.

The findings of this research contribute to the existing theoretical knowledge base by extending existing solutions on omnichannel implementation by introducing the way towards an omnichannel test field. As a result it can be concluded that the conceptual omnichannel strategy process model 'Beta' (Diagram 5.2), which had been built within the main study of this research, offers a new and holistic strategic approach towards

omnichannel implementation with the creation of an omnichannel test field as its final step. It summarises ten relevant key focus areas and steps out of nine different existing omnichannel approaches (Diagram 3.1: Conceptual omnichannel strategy process model ‘Alpha’) which had been evaluated during interview sessions of this research. In addition it brings key focus areas into chronological order offering a clear guideline towards efficient omnichannel implementation. Thus it answers the main research question of how to build a holistic and effective omnichannel management strategy, based upon the case study of Tommy Hilfiger and in consequence adds new and rich information to the current existing knowledge base of omnichannel management. All contribution to the literature described before are summarised within Diagram 6.1.

Diagram 6.1: Research findings: theoretical contribution



Source: Own illustration (October 2017)

## 6.2. Practical contribution

In the following section this thesis outlines the practical contribution of the research's main study results for future management activities in general and in addition for the case study of Tommy Hilfiger in particular. Similar to the previous chapter and following on the conceptual omnichannel strategy process model 'Beta' (Diagram 5.2), which had been



refined and constructed via the research, each out of the total 10 steps are analysed in detail.

#### **6.2.1. Consumer focus**

This research outlined that discussions on omnichannel initiatives and digital tools are often promising and exciting, but also seem to distract attention from what is most important: namely the consumer. What does the consumer actually ask for? Does he/she ask for click-and-collect, digital screens within department stores, or same-day delivery? Is the magic mirror, RFID technology or mobile payment the most important technology to focus on? This research reminded managers that when discussing and deciding on new omnichannel practices, such decisions should always reflect consumer preferences. These findings should influence managers to alter their view and decision-making process regarding omnichannel strategy, by refocusing on the consumer. Consumers have to stay at the centre, defining every action to be taken by companies. The research findings produced a clear statement advising companies to remember to be consumer-centric. During every effort to become bigger, more profitable or more efficient, analysis has shown that companies often neglect to ask themselves: ‘What do my consumers want?’ It is clear that this research and its findings underline the fact that within omnichannel transformation, companies should never neglect the importance of consumer-centricity.

With the first step of the conceptual omnichannel strategy process model, fashion brands should analyse and evaluate consumer needs and wants. Looking at the case study of Tommy Hilfiger consumer centricity is incorporated within the company’s vision statement which puts the consumer at its key priority. This research’s findings recommend Tommy Hilfiger to keep pursuing this as being a key priority, updating its rolling vision on a continuous basis.

#### **6.2.2. Omnichannel definition**

Next to consumer centricity main study within this research discovered that, as one of the very first actions to be taken, managers should create a clear omnichannel definition and understanding within the company. This definition can differ from those of other companies, but it should be the same among different departments of the same company. Moreover, it should be understood by everyone equally, in order to guarantee clear target-setting. The need for a common omnichannel definition within an organisation can be stressed as a key finding of this research, as it contributes to the current professional practice of omnichannel strategy and management. Framing, formulating and announcing

a common omnichannel definition must be conducted in any future managerial activity, and should change today's professional practitioners' thinking in terms of omnichannel strategy and management implementation.

As the main study results identified, Tommy Hilfiger's management should clearly define and agree on a consistent omnichannel definition across the company. Most Interviewees independently of one another argued that within Tommy Hilfiger different divisions, departments and sales organisations interpret the term 'omnichannel' differently. This research's findings recommend Tommy Hilfiger to clearly define and communicate a consistent omnichannel definition across its organisation.

### **6.2.3. Rolling vision statement**

Moreover, this thesis' finding of focusing on a rolling vision statement, which has to be updated on an ongoing basis, is expected to alter managers' view of the current business world, decision-making processes and organisational strategies. This finding contributes to current professional practice, as it changes the existing method of vision formulation. This research's findings clarified that managers need to internalise today's fast-moving digital world and its ever-changing consumer behaviour within their vision statement. As a key finding, it can be said that managers need to renew a companies' vision statement on an ongoing basis, in order to incorporate fast-changing market conditions, digital trends and changing consumer behaviour.

During the case study evaluation it has been analysed that Tommy Hilfiger created its 'House of Rolling Vision' and thus follows a rolling vision statement already. This research's findings recommend Tommy Hilfiger to keep pursuing this as being a key priority, updating its rolling vision on a continuous basis.

### **6.2.4. Role of the channel strategy**

Within the fourth step the conceptual omnichannel strategy process model evaluated the 'role of the channel strategy' as yet another key focus area. This finding should alter managers' views on omnichannel strategy formulation. Rather than pushing towards one holistic omnichannel strategy, managers should think channel by channel, while evaluating how they can and should interact and fulfil different tasks. The approach of using different strategies by channel is not new; however, combining channels that are allocated an appropriate purpose, all adjusted towards consumer needs, into one omnichannel strategy, can be stated as being a relatively new perspective within omnichannel strategy formulation. The findings of this research highlighted that an

omnichannel strategy is composed of many individual channel strategies; this should alter managers' view of how to set up organisational strategies today. Instead of seeking one omnichannel strategy, it is preferable to define a strategy by channel, aligned to consumer needs, which in consequence forms one overall omnichannel strategy.

Within case study analysis it has been found that Tommy Hilfiger misses a clear role of the channel strategy. That is due to the fact that different distribution channels fall into different areas of responsibility and are disconnected. Due to that fact this research's findings recommend Tommy Hilfiger to clearly reorganise its distribution channels carefully and to define and communicate its role of the channel strategy in order to fulfil its overall omnichannel vision.

#### **6.2.5. IT infrastructure**

Within the fifth step, IT Infrastructure, this research found that companies need to analyse and adjust its data, processes and systems to be able to operate omnichannel operations. In addition, managers are encouraged to seriously consider and alter their view of master-data management, by giving this topic greater importance. The findings of this research indicate that without clean master data, omnichannel initiatives are doomed to failure.

As analysed during the interview sessions, Tommy Hilfiger currently rebuilds and modernises its existing IT landscape including its master data management in order to fulfil omnichannel initiatives and operations. The findings of this research recommend Tommy Hilfiger to stick to this process as it has been analysed as a key focus area in order to fulfil efficient omnichannel transformation.

#### **6.2.6. Change management**

Furthermore, managers must recognise that change management is closely linked to omnichannel strategy and target-setting, and can only happen once common targets and goals across the organisation have been agreed on. Thus, managerial activity has to change, and it must combine change management with clear target-setting.

During the interview sessions it came to the fore that different departments, divisions and sales organisations of Tommy Hilfiger follow different targets. As an example sales organisations implement in-store omnichannel initiatives in order to increase retail traffic, whereas headquarter departments (such as finance) support this idea in order to advance existing stock situations. Both targets are not mutually exclusive, although different target setting exacerbate an efficient way towards omnichannel management. As another example in-store initiatives such as digital screens, which enable consumers to order all

styles from the brand's online shop seem not to be aligned with the targets of the brick-and-mortar store itself. Thus brick-and-mortar owned and operated retail targets are not strategically linked to those of the brand's online shop.

This research's findings recommend Tommy Hilfiger to review its target setting between its divisions, departments and sales organisations as well as between its distribution channels and to coordinate and streamline towards common omnichannel goals. This in consequence enables an efficient change management.

#### **6.2.7. Strategy implementation**

Main study results alter the current approach to omnichannel strategy formulation, and should be added to any professional practitioner's thinking and managerial activity. It can be concluded that omnichannel can only be treated as one holistic strategy, which has an effect on the entire organisation. Consumer, format and channel strategies have to work hand in hand, and should thus blend into each other. Rather than focusing on the consumer, the format, or the channel strategy, this research's findings clarified that managers need to approach omnichannel using a holistic approach regarding strategy formulation. How and in what way a company's supply chain should be set up and managed should be dependent on what the company defines during its 'role of the channel strategy' as well as its 'strategy implementation' step.

This research's finding recommends Tommy Hilfiger to define and formulate clear and common consumer and format strategies for each division including marketing decision linked to the theoretical model of the 4P marketing mix. All have to be linked to the overall omnichannel strategy. As most interviewees independently of one another argued that within Tommy Hilfiger different divisions, departments and sales organisations follow different distribution strategies this research's findings recommend Tommy Hilfiger to review, define and communicate a consistent omnichannel strategy across the entire organisation.

#### **6.2.8. Organisational set-up**

Key findings gave managers recommendations of how to set up an omnichannel core team and what kind of skillset is needed. However, it can be concluded that when moving towards omnichannel strategy implementation, managers must establish an omnichannel core team in order to achieve an effective and efficient strategy implementation.

Once analysing the case study of Tommy Hilfiger it can be concluded that different interviewees had different opinions on where and how to streamline the topic of

omnichannel management within the company. However one team owning and coordinating all omnichannel processes within the organisation is obsolete. It is recommended to establish an omnichannel core team to follow a holistic omnichannel strategy formulation and implementation with a direct link to the company's executive board.

#### **6.2.9. Wholesale business**

Once analysing the question of how to integrate fashion brand's wholesale business within the overall omnichannel strategy, as a key finding, it can be concluded that managers should make a difference in their existing managerial activity. Wholesalers must be convinced to join the road towards omnichannel as business partners. Different omnichannel initiatives should be piloted, tested and evaluated as a team. Today, in most cases, fashion brands take on the role of a supplier, with wholesale partners being the distributor. However, the key findings of this research emphasised that this mind-set is inefficient in terms of omnichannel, as successful implementation is dependent on creating a strategic alliance and business partnerships.

During the case study evaluation it has been analysed that Tommy Hilfiger manages several strategic partnerships with its wholesale partners in order to pilot and test different omnichannel initiatives. This research's findings recommend Tommy Hilfiger to keep pursuing this as being a key priority.

#### **6.2.10. Omnichannel test field**

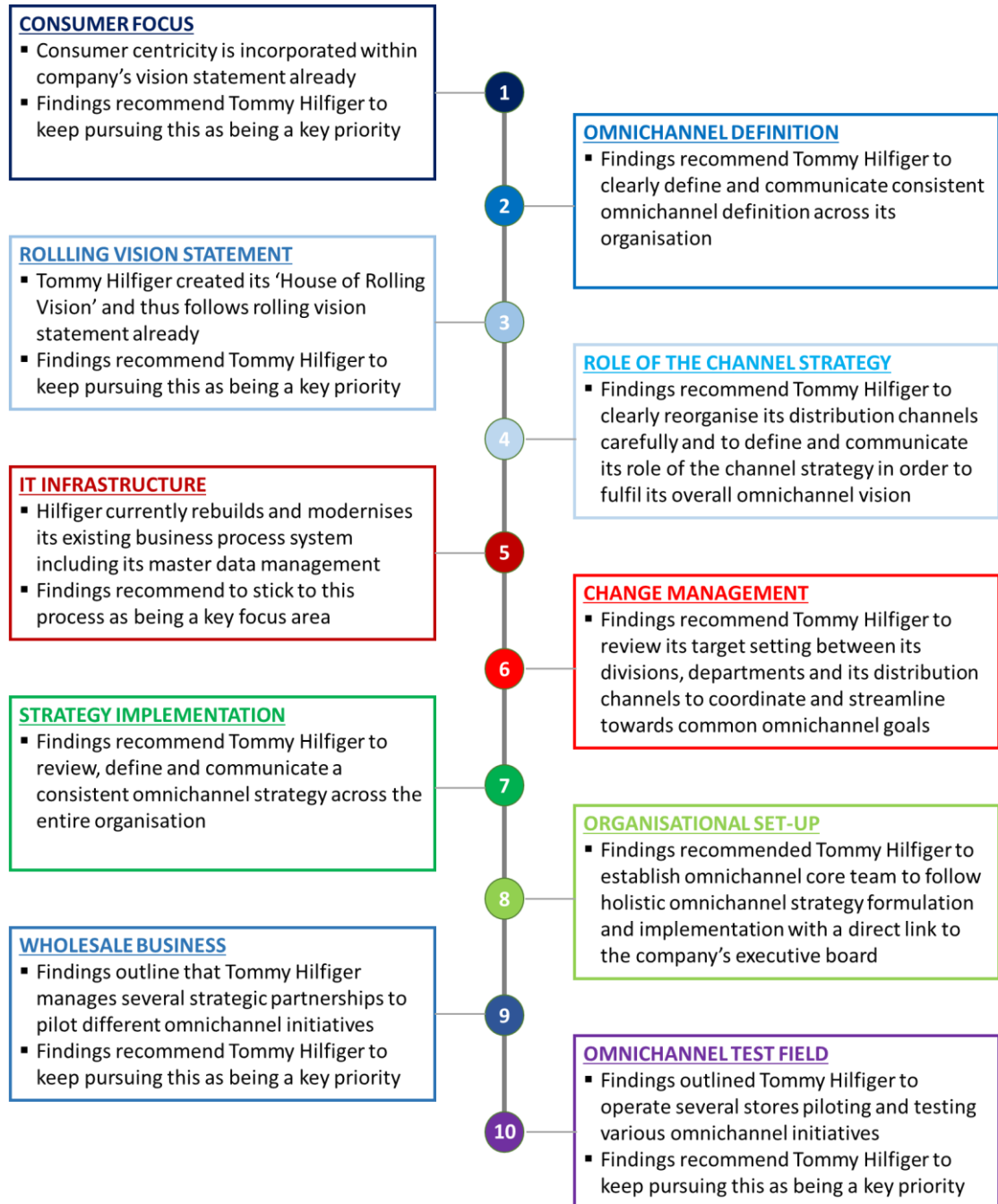
The tenth step of the conceptual omnichannel strategy process model outlined to create a test-field in order to test omnichannel initiatives in a kind of trial and error mentality. This attitude and approach towards omnichannel strategy and management implementation made key difference to existing managerial activity regarding omnichannel, and alter the professional thinking of any omnichannel practitioner. Given that digitalisation is continuously changing the retailing landscape, the main study interviews showed that companies should adjust their attitude towards omnichannel by becoming more open and innovative, allowing a kind of trial-and-error mentality, and encouraging pioneering spirits. 'Trial and error' also means that not all omnichannel initiatives will succeed, which takes managers out of their comfort zone. Being innovative and allowing a pioneering spirit means testing and learning; thereby, lessons can be learnt from both successful and unsuccessful initiatives.

It can be summarised that managers need to change their attitude towards omnichannel by becoming more open to testing and learning, which involves conducting pilots with an uncertain degree of success. However, it can be stated that only with an innovative attitude and pioneering spirit companies can implement omnichannel within their organisation successfully. These insights alter managers' decision-making process in terms of organisational strategy. Thereby, the main study results contribute to the current professional practice in omnichannel management.

During the case study evaluation it has been analysed that Tommy Hilfiger operates several stores piloting and testing various omnichannel initiatives in a kind of trial and error mentality. This research's findings recommend Tommy Hilfiger to keep pursuing this as being a key priority.

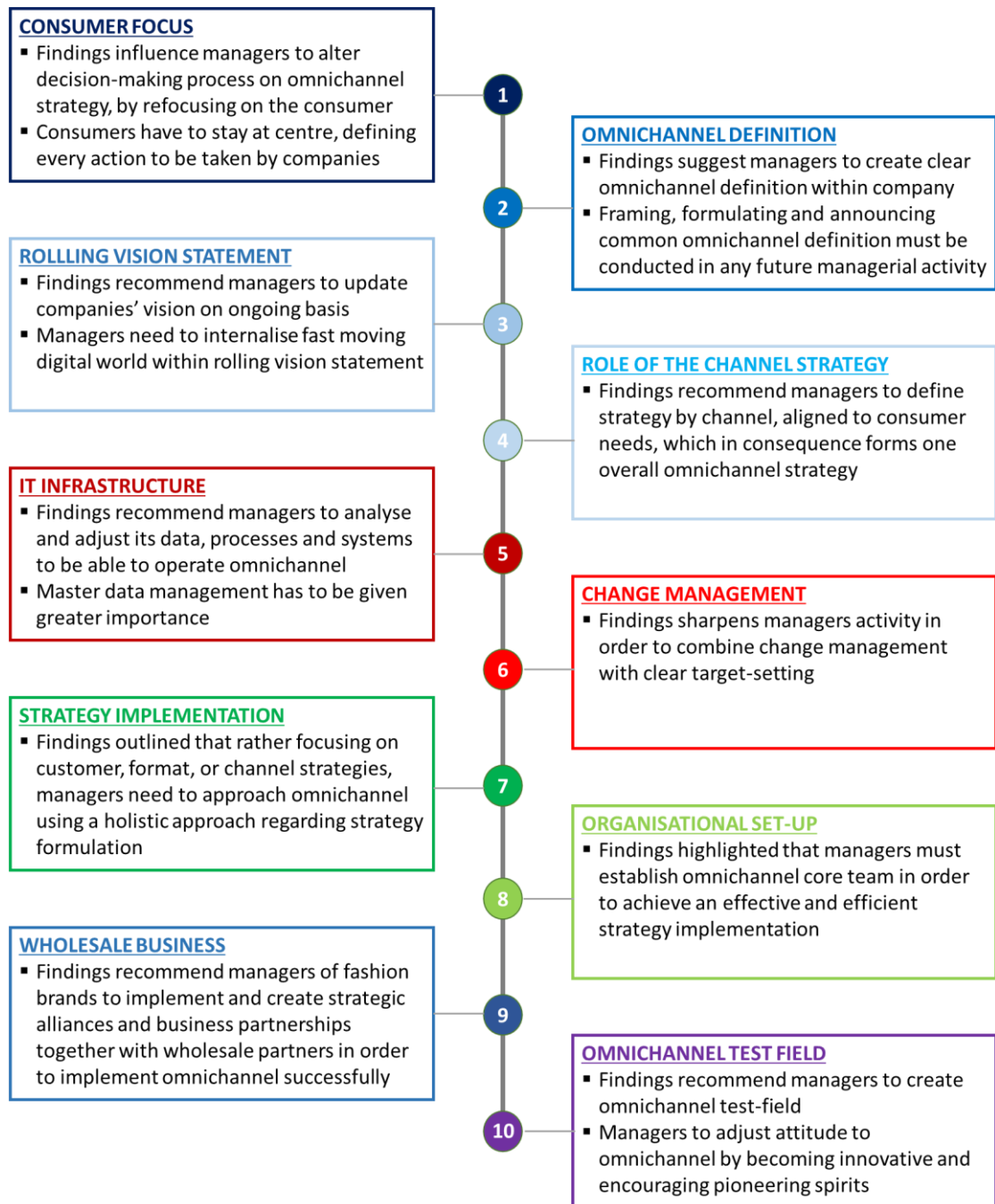
All practical contribution described before are summarised within Diagram 6.2 for the practical contribution for the case study of Tommy Hilfiger and for general contribution and within Diagram 6.3.

Diagram 6.2: Research findings: practical contribution (Tommy Hilfiger)



Source: Author (October 2017)

Diagram 6.3: Research findings: practical contribution (general)



Source: Author (October 2017)



### **6.3. Further research**

During the discussion and evaluation of this research it became clear that this thesis provided a suggestion for further research. Within the topic on consumer focus future studies could pursue the topic of data-driven consumer insights, which has been touched on only briefly within this research. Moreover, once looking at omnichannel definitions, further research could build on these findings by analysing key omnichannel definition components, by industry and company.

During the discussion on rolling vision statements, these findings also had theoretical implications, as they contradict the existing literature on how managers should conduct a vision statement. Future research can build on the discussion of rolling vision statements, and explore how to define and communicate them in the best possible manner. An interesting field of further research could investigate how a fast-moving digital economy, with continuously changing consumer demand pushed by digitalisation, can affect companies' internal vision, mission and strategy formulation.

The evaluation of the 'role of the channel strategy' came to the suggestion that further research could explore the question of channel-specific advantages, in order to formulate the most efficient omnichannel strategy. These, however, can differ between companies and industries, as stated by various consumer behaviours.

Further research is to explore supply chain management and omnichannel retail in more detail. As it was found at that company's supply chain should be set up and managed after a company defined its 'role of the channel strategy' as well as its 'strategy implementation', further research can build on these findings by analysing key supply chain components after omnichannel strategy formulation.

Following master-data management and the discussion on an omnichannel business process system, this thesis addressed the topics of big data, real-time and predictive analytics. It was argued that omnichannel involves the ability to act rapidly, which give these topics a greater strategic relevance in future. The research question of how big data and predictive analytics enable companies to advance omnichannel operations is highlighted as an interesting suggestion for further research.

In the course of this research it became evident that target-setting within omnichannel strategy and management is an interesting topic for further research. Insights on how different targets could be combined towards common goals, be qualitative or quantitative, and to analyse differences in markets and industries, could bring further findings to the

existing knowledge base. The discussion on how to allocate target-setting between different distribution channels in terms of omnichannel management can be regarded as an interesting field of future research, based on this thesis.

In terms of wholesale integration, once the recommendations of this research are followed, case studies evolve and bring new insights for further research. The key question of how fashion retail brands can integrate wholesalers within their omnichannel strategy must be analysed whilst strategic partnerships evolve and develop. This research started the discussion, and invited further research to build on this topic by conducting case studies once omnichannel has been implemented.

#### **6.4. Limitations**

In addition to the research's key finding of refocusing on consumer-centricity, one limitation of the results was the lack of a detailed analysis of how companies are able to analyse consumer behaviour in the digital age, and with the possibility of advanced technology. In these times of digitalisation, big data and data analytics, companies are able to open a new chapter in terms of consumer insights.

Although this research discovered that setting a clear omnichannel definition is one of the most important actions that managers should conduct first, it did not answer the question of what is the best possible omnichannel definition. The research findings indicated that definitions can differ between companies and industries.

Adjusting strategies by channel according to consumer needs requires a detailed knowledge of which channels consumer prefer, and for what reasons. However, this thesis did not specify different channel-specific advantages in great detail. Only specific insights into the perceived advantages of different channels can lead to an efficient channel strategy, and consequently an overall omnichannel strategy.

These findings added new insights to the existing body of knowledge. However, with no current case studies in place, this thesis provided limited clear recommendations for forming wholesale partnerships, or what kind of omnichannel initiatives fashion brands and wholesalers should focus on.

As indicated earlier, the researcher is an employee of Tommy Hilfiger, with all possible bias that this could entail. However, the management allowed the researcher to pursue the study at will with no undue pressure and so the researcher was able to maintain

objectivity. The usual limitations of analysis and interpretation of qualitative data are acknowledged.

## **6.5. Overall conclusion**

This research addressed the research question of ‘What is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?’ Consequently, the research aimed to build a holistic and effective omnichannel management strategy, based upon the case study of Tommy Hilfiger. It aimed to close the literature gap of a missing process model that guides organisations in determining a appropriate omnichannel strategy and to tackle the current fact that many organisations struggle to implement an omnichannel-strategy.

Prior chapters, and this final chapter of discussion and conclusion, have shown that the research question, and its aims and objectives, have been addressed successfully. As described within the previous chapter, the main study results and findings added new insights to the existing knowledge base, while in the managerial context, the results alter managers’ view of the business world, their decision-making processes and organisational strategies.

This thesis fulfilled its first research objective to examine the relevant literature and underlying concepts of a balanced, effective and comprehensive omnichannel strategy, from a consumer and company perspective. The literature review comprises, outlines and examines three major and relevant arms of literature and research, namely the fashion industry, fashion brands and the evolution of the fashion retail industry in every detail. This research also analysed the current channel strategy operating within Tommy Hilfiger. This has been accomplished during analysing the case of Tommy Hilfiger and during the interview sessions with members of the company’s management board. Questions which had been answered included: What are the key operational functions within a company’s omnichannel operating model? How should a company build omnichannel processes and an organisational setup and infrastructure? How can a company consistently meet its consumers’ and management’s expectations? What organisational and technological architecture is needed?

While outlining existing process models and analysing main study results this thesis fulfilled its third objective of considering and alternative omnichannel options available, and to develop a standardised omnichannel process model optimised for different channel combinations. In consequence this research accomplished its fourth and final objective,

namely to develop an omnichannel transformation roadmap for Tommy Hilfiger based upon the third objective.

By accomplishing its research objectives this thesis led to a management decision proposal that includes recommendations concerning how to implement an effective omnichannel setup within respective organisations. Thus, this work successfully addressed the research question of what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands, in particular, to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger.

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## Appendix

### Appendix I: Sample interview plan – pilot study

During this interview, I would like to discuss and devote special attention to the research question of ‘*what is the best way to build an effective and holistic omnichannel management strategy for fashion retail brands?*’ The research’s aim is to build a holistic and effective omnichannel management strategy based upon the case study of Tommy Hilfiger. Special attention is not devoted to the ‘if’ but rather on the ‘how’ to implement an omnichannel strategy within the company’s organization.

With these topics in mind:

Main Questions	Additional Questions	Clarifying Questions
<p>1. Business studies argue that companies should check its omnichannel ability/readiness by analysing its ability to align customer data, processes and infrastructure <u>before</u> moving towards an omnichannel strategy implementation. In this respect it is argued that companies should analyse and outline its current and desired future business model as the very first task to do.</p> <p>With that in mind: <b>What kind of considerations did/should TH do before deciding to go omnichannel?</b></p>	<ul style="list-style-type: none"> <li>• How and in what way had/should TH transform those considerations?</li> <li>• What are the key challenges in terms of omnichannel ability and readiness for TH?</li> <li>• How had/should those considerations be entered in TH’s overall vision and mission statement?</li> </ul>	<ul style="list-style-type: none"> <li>• Can you expand a little on this?</li> <li>• Can you tell me anything else?</li> <li>• Can you give me some examples?</li> </ul>
<p>2. Business studies argue that before strategy formulation, companies should analyse all of its processes, culture, organisation, controlling systems, information systems and tools upfront.*</p> <p>With that in mind: <b>What kind of business analysis did/should TH do before deciding to go omnichannel?</b></p>	<ul style="list-style-type: none"> <li>• How and in what way had/should TH transform that business analysis?</li> <li>• How did/should TH conduct its ROI calculation before omnichannel strategy call-out?</li> <li>• Which departments/functions had been/should be involved at TH in any omnichannel strategy consideration right from the start?</li> <li>• What are/will be the most important outcomes for TH out of the analysis?</li> </ul>	
<p>3. Business studies argue that when setting up and defining</p>	<ul style="list-style-type: none"> <li>• How had/should TH rethink and align its marketing mix</li> </ul>	

<p>an omnichannel strategy companies have to align and coordinate its strategy with its customer offers and its operational functions and departments.** With that in mind: <b>How did/should link TH its omnichannel strategy to its customer offers, departments and functions?</b></p>	<p>decisions on product, price, place and promotion?</p> <ul style="list-style-type: none"> <li>• Where are/might be the biggest impacts for TH within an omnichannel strategy implementation (internally)?</li> <li>• What kind of changes/challenges are expected for TH within distribution channels, supply chains and working cultures?</li> <li>• How is/should TH incorporate the distribution channel of wholesale within its omnichannel strategy?</li> <li>• What omnichannel initiatives are most relevant for TH?</li> </ul>	
<p>4. Once having defined a clear omnichannel strategy, business studies argue that companies should formulate a clear omnichannel action plan, following and focusing on omnichannel success drivers.*** With that in mind: <b>How does/should TH's action plan look like in order to create, implement and manage a truly holistic omnichannel strategy?</b></p>	<ul style="list-style-type: none"> <li>• What is/might be the best way for TH to create one common shopping experience across all distribution channels?</li> <li>• What are the critical success factors for TH to establish a consistent and seamless brand experience?</li> <li>• Does every distribution channel at TH needs a specific level of customisation? If yes, what is/might be the best possible way to establish this?</li> <li>• How about the idea to cluster costs and sales according to areas of responsibilities rather than into distribution channels?</li> </ul>	

Supplementary Questions:

## \* QUESTION 2

Questions on omnichannel analysis (extract)

- Which customers use which channels?
- Which channels are integrated?
- Which products and services are offered in what channels?
- How does customer communication look like?
- Are there any missing attributes in back-office functions?
- How to transfer the organisation (and stores) and employees into an omnichannel business?
- How incentive systems are set up in each channel?

### **\*\* QUESTION 3**

Questions on customer offers:

- What channel service outputs do the customers demand?
- What omnichannel customer experience does TH want to deliver?
- What are TH's strategic objectives, its positioning and promise towards its customers within its omnichannel retail environment?
- What should be TH's target customer segment?
- What assortments should TH offer, in which channel and at what price?
- How should TH integrate the channels towards an integrated shopping experience?
- What are the international standardised and differentiated customer offerings?

Questions on functions and departments:

- How should TH build its omnichannel process, organisation and IT?
- How can TH consistently meet its customers' and management expectations?
- What are TH's key operational functions within its operating model?
- What organisational and technology architecture is needed?

### **\*\*\* QUESTION 4**

Heinemann's (2008) Success Drivers:

- Cross Corporate Culture
- Coordinated Communication
- Central CRM
- Core Category Concept (assortment strategy)
- Common Brand and Corporate Design
- Complexity and Cycle-Time Reduction
- Competent Channel Controlling

Wagner's (2013) Success Drivers:

- Generate clear customer understanding
- On-going analysis of distribution strategy by distribution channel
- Interlock omnichannel strategy with distribution channels, customer needs and operational departments and functions
- Create strong and well-elaborate e-commerce know-how
- Create consistent and well-defined product and price strategy between all channels
- Align and adjust processes and systems
- Create organisational structure according to areas of competence
- Create omnichannel strategy culture



## Appendix II: Pilot study interview – coding and analysis (example)

### Example of coding and analysing pilot study interviews

- Step 1: reading transcript
- Step 2: labelling relevant pieces (coding)
- Step 3: analyse and create categories
- Step 4: label categories

#### Question 1

##### **Respondent 3 – PVH**

- Before deciding to move towards omnichannel, every company should analyse its **current and future consumer** in detail, conduct market research and investigation in order to outline **consumer needs and wants** and adjust its vision statement accordingly
- Once the outcome is that industry, market and customers look for omnichannel activities, call out of omnichannel vision statement before any internal in-depth analysis on omnichannel ability and readiness not a bad thing to do
- Companies have to draw a **clear picture of where they are today and where they want to be in future**
- Clear call out: **what does omnichannel mean for us?**
- If fashion retail brands do not offer advanced omnichannel services and innovations, they miss to stay relevant and run the danger to disappear
- Fashion industry stands for offer-driven market – fashion retail brands have to offer advanced services and **innovations in order to stay relevant**
- On top, public companies have to present initiatives aiming to increase sales and profits
- Omnichannel call out often used to reassure consumers and investors
- Biggest challenge for fashion retail brands is to incorporate and translate its **omnichannel vision into its strategy**
- Analysis of **what has to be done** and what is needed to fulfil an omnichannel vision has to come directly after its call out

##### **Respondent 1 – Director Finance and Operations PVH**

- Companies have to stay **consumer focused** at any time and **act according to consumer needs**
- Today's and tomorrow's **consumers have to be taken into close consideration** in any business decision making process
- **Digitalisation changes consumers** behaviour and thereby its needs
- **fashion retail brands have to react** on new consumer values, merits and behaviours on a continuous basis
- **Fashion brands have to act accordingly**, realign its strategy and adjust its offerings
- Fashion retail brands, which not only sell a simple product, but a sense of life, have to **react on new consumer values, merits and behaviours**
- **Consumers push companies** to combine offline and online service attributes, which automatically push companies towards omnichannel services and an advanced shopping experience
- With digitalisation on the push, resulting in an **on-going changing consumer behaviour**, creating a clear and holistic picture of where a company wants to be in five years' time, becomes nearly impossible

- However companies have to draw a visionary picture, which should be **rolling** and can be adjusted over time
- Fashion retail companies have no other choice than acting on what customer's demand, thus a **omnichannel vision call out is inevitable**

## **Respondent 2 – Director Omnichannel Transformation PVH**

- At first any company has to be clear about **omnichannel definition**. What means omnichannel for the company? What does the company want to achieve? Clear omnichannel definition and interpretation prerequisite
- Often the term of omnichannel strategy or management is interpreted differently by different stakeholders even within one and the same organisation
- Before to start **clear omnichannel target picture** has to be formulated by the top management and introduced into the whole organisation
- Within omnichannel vision statement **consumer has to stay at focus**. How can a company offer customer advanced services and thereby increase sales and profitability
- Companies are only able to offer efficient omnichannel services which bring sales and profit **knowing what the consumer is really asking for**
- Fashion consumer is ready for multi-channel solutions (connection of owned and operated retail stores and E.Com) but does not look for truly omnichannel solutions incorporating wholesale (e.g. customer does not expect on PandC floor to order TH products on TH E.Com platform)
- Need to clearly analyse **what company is aiming to achieve** in what distribution channel. Clear channel strategy needed (role of channel strategy)
- Any omnichannel strategy definition has to contain a **role of the channel strategy**
- Different distribution channels do have different success factors (e.g. marketing vs. sales, customer satisfaction vs. profitability, etc.)
- only if a company is very clear on specific goals, aims and objectives by its different distribution channel, individual strategies can be summarised in one holistic and workable overall **omnichannel strategy approach**
- This channel strategy has to follow **customer behaviour** by distribution channel and customer journey
- True omnichannel approach can be accomplished within marketing department by focusing a brand marketing with omnichannel messages that feed every distribution channel with equal brand message
- **Rolling vision statement** needed in order to follow fast moving digital trends
- Omnichannel front end tools may change on constant basis, but processes remain the same

## **Coding, labelling and analysis**

**Consumer Focus**

**Omnichannel Strategy**

**Rolling Vision Statement**

## **Appendix III: Main study interview – coding and analysis (example)**

### **Example of coding and analysing pilot study interviews**

- Step 1: reading transcript
- Step 2: labelling relevant pieces (coding)
- Step 3. detect and define categories
- Step 4: label categories
- Step 5: analyse answers / categories

### **Question 2**

#### **Respondent 4 – PVH**

- If you want to set up everything (processes, IT, etc.) before going omni-channel, you are too late, always! → 2.4
- in some cases a little bit more investigation is needed but not in an overcomplicated manner → 2.4
- Business Development team together with marketing most important departments to start omni-channel → 3.2
- Omni-channel team should be really close to the CEO (more Business Development team) → 3.2
- Today often different departments like retail, e.com, markets go for their own omni-channel strategy – need more alignment – initiatives have to go hand-in-hand → 3.2
- Operations on 2nd step to make it workable → 3.2
- the business case for omni-channel is a difficult business case because you don't know nearly anything → 1.3 / 2.4
- the risk not go omni-channel is too high because otherwise you are not there anymore as a brand → 1.3 / 2.4
- the market is asking to being omni-channel - they are expecting to get the same shopping experience → 1.3 / 2.4
- I don't think that an ROI calculation is even possible to be done – because you have too many assumptions → 3.5
- But the risk to not do it is much higher than doing it, because the market is asking for it – it's a need → 3.5
- 

#### **Respondent 10 – Director Finance PVH**

- To streamline omnichannel activities across company you need somewhere where it comes together / one holistic point of view → 3.2 / 2.3
- There needs to be a layer between business / operation units and CEO level → 3.2 / 2.3
- If you want to take omnichannel seriously you also need a structure that emphasis and facilitates an holistic view → 3.2 / 2.3
- Group of people who oversee all implications and end-to-end processes (operations, IT, etc.) – too much to ask all individual business units → 3.2
- A matrix organization you can do a lot → 3.2
- In order to archive omnichannel changes you need to create central layers that effect matrix → 3.2
- Group functions around the matrix → 3.2
- If you have diverse business model → 2.1

- The more multichannel you have been – the more difficult it will get to move towards omnichannel → 2.1
- Especially if multichannel approach you have differences (segmentation) → 2.1
- The step from multi to omnichannel is difficult as multi structure is very complex → 2.1
- Structure, people, systems processes and interaction within customer you build your company in a multichannel way – to build this into an omnichannel that is a hell of an exercise → 2.3
- If there would not be such a pressure from the end consumer we rather would stay into a multichannel business model → 2.3
- To go from multi to omni offers some opportunities, but at the end effort, time, money, have additional complexity you have to deal with → 2.3

### **Coding, labelling and analysis (extract)**

#### **1. Omnichannel vision (ability / readiness)**

- 1.1 Omnichannel definition
- 1.2 Push towards omnichannel transformation (customer, technology)
- 1.3 Vision statement

#### **2. Analysis before strategy formulation**

- 2.1 Channel strategy
- 2.2 Omnichannel prerequisites
- 2.3 Omnichannel organisation / distribution
- 2.4 In-depth analysis

#### **3. Omnichannel – customer offers (departments / functions)**

- 3.1 4P marketing mix
- 3.2 Omnichannel team
- 3.3 Consumer focus
- 3.4 Wholesale
- 3.5 RoI

## Appendix IV: Literature strands (extract)

### Fashion Industry

Research (Reference)	Content
Hines et al. (2001) Carniene and Vienazindience (2014.1) Jackson and Shaw (2006) Macchion et al. (2015) Brun et al. (2008) Shen et al. (2017) Tungate (2012) Bodimeade (2013) Sotz et al. (2015) Lu (2015) Heinemann et al. (2012) Wong et al. (2013) Diamond et al. (2015) Chan et al. (2017) Kim (2013)	Fashion industry: characteristics, developments, changes, challenges, complexity
Boyer et al. (2009) Koumbis (2014) Bruce et al. (2004) Drake and Marley (2010) Singleton (2013) Sen (2008) Leeman (2010) Poloian (2013) Ray (2010) Wong et al. (2013) Carniene and Vienazindience (2014.1) Zhang et al. (2017) Chan et al. (2017) Bergvall-Forsberg et al. (2007) Carniene and Vienazindience (2014.2) Zhang et al. (2017) Bruce et al. (2004)	Fashion industry supply chain: definition, structure, characteristics, strategies, management, operations
Leeman (2010) Boyer et al. (2009) Bruce et al. (2004) Bowon (2013) Randal (2011) Ray (2010) Gibson et al. (2013) Shah (2009) Sen (2008) Kandampully (2011) Caridi et al. (2013) Geissler (2013) Rinnebach (2014) Poloian (2013) Faulds et al. (2018) Kim (2013) Caridi et al. (2013)	Fashion industry supply chain management: definition, operational & process functions, changes & challenges

### Fashion Companies

Research (Reference)	Content
Levy and Weitz (2013) Tungate (2012) Jackson and Shaw (2009) Diamond et al. (2015) Carniene and Vienazindience (2014.1) Brun et al. (2008) Shen et al. (2017) Li et al. (2012) Brydges and Hracs (2018) Bergvall-Forsberg et al. (2007)	Fashion companies: retail business, market & consumer segments, product categories, brand building
Kotler et al. (2005) Zentes et al. (2007) Okonkwo (2007) Li et al. (2012) Foroudi et al. (2015) Gentina et al. (2016) Kim et al. (2012)	Fashion brands: definition, attributes, consumers' perspective, brand value, brand management

Ko and Megehee (2012) Davis (2009) Miller and Mills (2012) Tungate (2012) Choi (2014) Davis (2009) White et al. (2013)	
Zhang et al. (2018) Ailawadi et al. (2017) Karray and Sigue (2017) Gen and Mallik (2007) Yan et al. (2018) Jackson and Shaw (2009) Poloian (2013).	Fashion companies distribution channels: insights, complexity, channel conflict

### Evolution of Fashion Industry

Research (Reference)	Content
Al Samber (2013) Lessing (2013) Halbach and Eckstein (2013) Von Briel (2018) Grewal et al. (2017) Oh et al. (2012) Dart and Lewis (2014) Niemeier et al. (2013) Brook-Carter et al. (2014) Bones at al. (2015) Laseter and Rabinovich (2012) Dart and Lewis (2014) Sands et al. (2016) Faulds et al. (2018) Sands et al. (2016) Niemeier et al. (2013) Baker (2015) Blom et al. (2017) Von Briel (2018) Cao and Li (2015) Griva et al. (2018) De-Keyser et al. (2015) Heymann-Reder (2011) Hettler (2010) Haderlein (2010) Lax and Mau (2013) Steimel et al. (2012) Marsden and Kotzè (2013) Grimm (2011) Kent et al. (2015) Charlton (2014) Anders (2016) Pozza (2014) De Faultrier (2014) Cassab and MacLachlan (2009)	Digitalisation, m-commerce, data analytics, consumer insights, social media, in-store technology
Dennis et al. (2016) Konus et al. (2008) Rodriguez-Torrico et al. (2017) Park and Lee (2017) Verhoef et al. (2015) Sands et al. (2016) Von Briel (2018) Grewal et al. (2017) Lax and Mau (2013) Halbach and Eckstein (2013) Bloching at al. (2013) Hudson (2011) Verhoef et al. (2007) Hall and Towers (2017) Sands et al. (2016) Hannich et al. (2013) Pookulangara et al. (2011) Hsiao et al. (2012)	Consumer behaviour, shopping characteristics, purchasing motives, channel use, consumer journey, channel-hopping
Von Briel (2018) Grewal et al. (2017) Beck et al. (2015) Hosseini et al. (2017) Galipoglu et al. (2018) Winkelmann (2012)	Omnichannel retail, effect of digitalisation and technology on consumer behaviour, consumer shopping experiences, retailers' strategy implications

Strugatz (2015)	
Shen et al. (2018) Sands et al. (2016) Verhoef et al. (2015) Park and Lee (2017) Ailawadi et al. (2017) Von Briel (2018) Zhang et al. (2018) Galipoglu et al. (2018) Strang (2013) Lessing (2013) Chatterjee and Kumar (2017) Li et al. (2017) Rodriguez-Torraco et al. (2017) Faulds et al. (2018) Cassab and MacLachlan (2009) De Faultrier (2014) Awasthi et al. (2012)	From single to omnichannel, definitions, management
Grewal et al. (2017) Li et al. (2017) Herhausen et al. (2015) Shen et al. (2018) Karray and Sique (2017) Faulds et al. (2018) Bachem (2015) Brook-Carter et al. (2014) Hannich et al. (2013) Gabler (2013) Al Samber (2013) Bezes (2013) Berman et al. (2004) Cassab and MacLachlan (2009) A4 Hsieh et al. (2012) Lin (2012) KushwaHa and Stoel (2013) Piercy (2012) Berman et al. (2004) Bezes (2013) Chatterjee (2010) Hsiao et al. (2012) Piercy (2012) Pookulangara et al. (2011)	Potentials of omnichannel, competitive advantages, strategy approach
Karray and Sique (2017) Rodriguez-Torraco et al. (2017) Verhoef et al. (2015) Sands et al. (2016) Von Briel (2018) Herhausen et al. (2015) Shen et al. (2018) Dholakia et al. (2010) Chatterjee and Kumar (2017) Konus et al. (2008) Park and Lee (2017) Chernhoff et al. (2014) Kolbrück (2015) Berman et al. (2004) Piercy (2012) Hsieh et al. (2012) Bezes (2013) Donnell et al. (2012) Awasthi et al. (2012) Ha and Stoel (2012) Cassab and MacLachlan (2009) De Faultrier (2014) Chatterjee (2010) Kim (2013)	Omnichannel strategy, aims & targets, implications, structure, processes, methods, implications & recommendations
Herhausen et al. (2015) Sands et al. (2016) Zhang et al. (2018) Konus et al. (2008) Chatterjee and Kumar (2017) Cao and Li (2015) Von Briel (2018) Sands et al. (2016) Rodriguez-Torraco et al. (2017) Shen et al. (2018) Park and Lee (2017) Dholakia et al. (2010)	Role of the channel strategy, channel integration, possibilities, advantages, implications

Galipoglu et al. (2018)	
Shen et al. (2018) Hosseini et al. (2017) Von Briel (2018) Heinemann (2008) Wagner (2013) Rinnebach et al. (2014) Chu and Pike (2002) Hannich et al. (2013) Mahrtdt (2013)	Omnichannel strategy implementation and management, process models



## Appendix V: Letter of support

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### LETTER OF SUPPORT

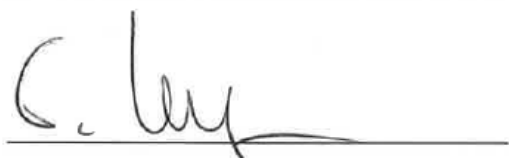
11.04.2014

To whom it may concern,

I herewith confirm that PVH Holdings GmbH & Co. KG will fully support the doctoral research study of the DBA Thesis of Mr. Jan Philipp Wintjes. Thereby PVH's brand of Tommy Hilfiger is used as a major case study.

As the research study will contain confidential data of the company of Tommy Hilfiger, this work may only be made available to the first and second reviewers and authorized members of the board of examiners. Any publication and duplication of this doctoral research study – even in part – is prohibited.

An inspection of this work by third parties requires the expressed prior written permission of the author and PVH Holdings GmbH & Co. KG.

A handwritten signature in black ink, appearing to read 'G. Lenz', is written over a horizontal line.

Gernot Lenz

Chief Operations Officer Europe

PVH Europe B.V.

Stadhouderskade 6

1054 Amsterdam, NL

## LETTER OF SUPPORT

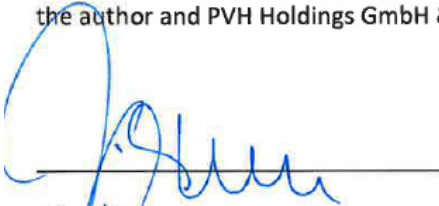
09.04.2014

To whom it may concern,

I herewith confirm that PVH Holdings GmbH & Co. KG will fully support the doctoral research study of the DBA Thesis of Mr. Jan Philipp Wintjes. Thereby PVH's brand of Tommy Hilfiger is used as a major case study.

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